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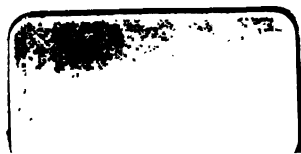
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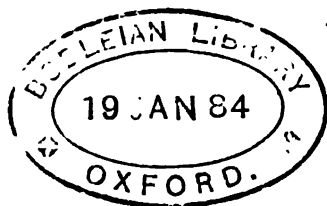
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## ERRATA.

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Page 74, line 14, for "*premises*" read "*premisses*."

Page 106, line 9, for "*to bankers*" read "*by bankers*."

Page 108, line 15 (from bottom of page) for "*regulation 8*," read "*regulation 5*."

Page 203 (Pamphlet, Vol. 1) for "*Cernushi*" read "*Cernuschi*."

Page 304, Question and Answer IV., see also pages 365-6.

Page 427, lines 18-19, for "*principal countries*," read "*principal commercial countries*."

Page 649, omit line 3, "Sir John Lubbock, Bart., M.P., President, in the Chair."

## JOURNAL OF THE INSTITUTE OF BANKERS.

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J. HERBERT TRITTON, Esq., in the Chair.

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## THE LAW OF VALUE.

By JOHN DUN, Esq.

[Read before the Bankers' Institute, Wednesday, 17th November, 1880.]

IN a conversation which I recently had with an eminent northern professor of physics, he denied, or at least doubted, the title of political economy to rank as a science, because, as he said, scarcely two of its professed and recognised authorities are agreed as to its fundamental principles. It is, unfortunately, too true that there is considerable diversity of opinion as to many of the fundamental principles of political economy, and that various of its so-called laws stand sorely in need of revision ; but seeing that, according to the accepted definition, the term science means "a branch of human knowledge which has been more or less generalised, systematised and verified," it is impossible to deny that political economy comes fairly and fully within the scope of that definition, and must be admitted to rank as a science. It is a science, too, which has long since passed its infancy, and which, in its practical application to the art of government, has been productive of great moral and material benefits to the human race. But it is, at the same time, a science which is still far from being perfect, and it seems to me that one of its most striking imperfections lies in its unnecessary



complexity, and that this complexity has arisen, in a great measure, from the praiseworthy but misdirected efforts of its exponents to establish so-called laws, which, in their opinion, cause and regulate its phenomena. In their systematising zeal they have, in too many cases, generalised from imperfect data, or adopted *à priori* theories without subjecting them to sufficient proof, and have thus been misled into enunciating laws which are at variance with the facts of the science. I trust I shall not be considered to underrate the very valuable writings of Ricardo and John Stuart Mill—the two great masters of the science as it is at present generally taught and received—if I venture to say that they abound in the ingenious and subtle elaboration of theories into laws, which, on being brought face to face with the facts, are found to be discredited and disproved.

The legitimate influence of sound economical principles upon the actions of men, and especially upon the labouring classes, is obstructed by the abstruseness which has been, as I think, needlessly engrafted upon the subject by these elaborate refinements of the school-men. Political economy, as expounded in the accepted textbooks of to-day, stands greatly in need of simplification; and it is in that direction that I should like to see strenuously applied the efforts of all who, whether as students or as teachers, love and cultivate the science.

An apt illustration and complete vindication of the position which in these initiatory remarks I have ventured to take up, will, as it seems to me, be found in the sequel of this paper.

Whosoever will become a student of political economy, before all things it is necessary that he hold a true view of the law of value; which law, except he do thoroughly grasp and understand, without doubt he shall be led astray into many and grievous errors. What this law of value is forms the theme which we are now to endeavour to investigate; and it is a theme of no small difficulty, for though value is the fundamental conception, and the law of value the fundamental law of political economy, yet there has been and still is much diversity of opinion amongst political economists, not only as to the law, but also as to the very nature of value. It is related of Sydney Smith that not many months after joining the celebrated Political Economy Club he announced his intention to retire, and on being asked why, he replied that his principal motive for joining the club had been to discover what value is, but that all he had discovered was that the rest of the members knew as little about the matter as he did.

Our subject, then, is admittedly abstruse, and I may as well at once disclaim the skill to treat it in a popular or attractive manner, and can only hope that if you will deign to follow the discussion through the somewhat uninteresting paths by which it needs must lead us, we shall be able to emerge together at last from the gloom

of doubt into the clear bright atmosphere of truth, in which perception, no longer beguiled and mystified, leads straight to accurate conceptions and assured conviction.

### THE NATURE OF VALUE.

The word "value" has, in ordinary language, various significations. In Worcester's Dictionary these are stated as follows:—  
"1. The quality of a thing which renders it useful, or the property or capability which a thing has of producing some good; worth; utility. 2. Price equal to the worth of the thing bought; estimated, or rated, worth or price; cost; rate; equivalent. 3. Estimation; excellence; importance."

Now many of the errors into which writers on this subject have aforesaid fallen have had their origin in using the term value first in one signification and then in another; and it is necessary to define accurately the precise meaning of the term as used in economic science, and to guard in the course of the discussion against its use in any other sense. Value, as we must endeavour to understand it, is not importance, excellence, utility, nor always necessarily price. The popular saying that "the value of a thing is what it will fetch in the market," or in other words, what it will exchange for, gives a sufficiently accurate idea of the force of the word as used in economic science.

Value in economics means exchange value. Adam Smith recognized clearly the distinction between value in use and value in exchange; but in the course of his arguments he sometimes permitted the idea of value in use to intrude itself into a discussion which should have been confined to value in exchange, with the unavoidable consequence of vitiating his conclusions.

The very idea of economic value suggests an operation of exchange or barter. Therefore, matters or things which can be in the economical sense the subjects of value must be matters or things which can be transferred or exchanged.

Such matters or things have been aptly termed economic quantities. In a country where slavery prevails a man may be an economic quantity. In a country where slavery does not exist, a man is not an economic quantity, though after death his body being saleable to the anatomist may become an economic quantity. A living man's arm may be of great value, in the sense of importance, to himself; but as he cannot exchange it for anything else, it cannot be considered an economic quantity—it is not the subject of exchange value. The services of a human being may, however, be exchanged for money or food or clothing, or some other equivalent, and are therefore an economic quantity. Granted, then, that everything which has value in the economic sense must be capable

of being exchanged—is the converse of this proposition true? Can it be said that everything which is capable of being exchanged has value?

Certainly not. Water can be exchanged, yet though water has frequently exchange value, as the householders in most towns must be quite aware when the collector calls for the water rate; yet, in lakes, rivers, and the sea, water can usually be had for the taking, and is not thus in these circumstances ordinarily the subject of value.

If a thing without alteration of its nature is in some circumstances of value, and in others not, it is clear that value is not an inherent quality.

We say the diamond is hard, and we know hardness is an inherent quality of the diamond; we also say diamonds are valuable, but value is not an inherent quality of the diamond. If diamonds were as common as sand on the sea-shore, they would cease to have value, but they would not lose their inherent quality of hardness. A gold sovereign is of some value in this country and over a great part of the world, but if we land on a savage island where the natives know nothing of gold, the purchasing power of a hatful of sovereigns may be found in the altered circumstances to be practically *nil*—you might get more for a hatful of glass beads.

Value, therefore, is a quality essentially external to the article of which it is predicated—a quality not inherent but attributed. It is, moreover, a quality which is purely relative. When we buy a hat for a sovereign we find that at the time and place of exchange the money value of a hat is £1, and also that the hat value of £1 is one new hat. If we exchange a hat for a pair of shoes we learn, then and there, the hat value of the shoes and the shoe value of the hat. Suppose we exchange a day's work for 3s. we ascertain the money value of a day's labour and the labour value of 3s.; or, to put the case more generally, suppose  $3a$  is exchanged for  $b$ , then  $\frac{b}{3}$  is the value of  $a$ , in terms of  $b$ , and  $3a$  is the value of  $b$  in terms of  $a$ .

We cannot think of value without thinking of the two or more things exchanged for one another; for the expression of value is simply an expression of the exchange relation between the things. Value is determined solely by actual exchange. We may estimate probable value at any time by the experience of previous exchanges by other circumstances; but value as an economic phenomenon is indeterminate until it results from an actual exchange. Values in civilized countries are generally expressed in money, and the price means simply money value.

Value is simply the expression of an exchangeable relation between two quantities, the term intrinsic value is erroneous and para-

doxical. "Intrinsic," if it means anything, means inherent; and there is no such thing as inherent value. Everything we can think of may be placed in circumstances in which it cannot be exchanged for anything else. In these circumstances its value disappears, and the intrinsic character of that value is disproved.

It is likewise an error to confound value with price. Mr. J. S. Mill says, "The most accurate modern writers, to avoid the wasteful expenditure of two good scientific terms on a single idea, have employed price to express the value of a thing in relation to money—the quantity of money for which it will exchange. By the price of a thing, therefore," he goes on to say, "we shall henceforth understand its value in money; by the value or exchange value of a thing its general power of purchasing, the command which its possession gives over purchasable commodities in general." Now, let us see how far this distinction which Mr. Mill draws implies a difference. To show this, and to facilitate our comprehension of the nature of value, let us set down in a tabular form a series of equivalent values at various dates, and learn what we can from their comparison.

*Table of equal exchange values at four dates successively.*

Dates.	Money.	Wheat.	Cotton.	Coats.	Hats.	Wages of Labour.	Gloves.	$x$ = Every- thing else.
1st	— 50s.	= 1 qr.	= 100 lbs.	= 1	= 3	= 3 weeks	= 12 prs.	= 10.
2nd	— 60s.	= 1 qr.	= 100 lbs.	= 1	= 3	= 3 weeks	= 12 prs.	= 10.
3rd	— 50s.	= 1 qr.	= 75 lbs.	= 1	= 4	= 2 weeks	= 18 prs.	= 15.
4th	— 75s.	= 1 qr.	= 150 lbs.	= 1½	= 5	= 4 weeks	= 18 prs.	= 15.

In the first line we assume that at date 1 the following quantities are of precisely equal value :—50s.—1 qr. wheat—100 lbs. cotton—1 coat—3 hats—3 weeks' wages—12 pairs of gloves—10  $x$  ( $x$  meaning generally anything else).

Now we know very well that the price of 100 lbs. of cotton is one thing in America where it is grown, and another in Manchester, where it is manufactured. Similarly, the price of coals at the pit mouth and their price in London are very different.

Price and value may then vary with variation of place. But assuming that in our table the quantities in each line are the equivalents of one another at the same place and at the same time, it is evident from the first series of equivalents that *price or money value, and value in exchange or general purchasing power are co-incident, or identical, at the time and place of exchange.* The price in this case 50s., will buy any one of the other items, and each is equal in value to any other. But *price and value, at different times and at different places, are not, except accidentally, co-incident; and it is*

necessary to keep this in view in using, as it will often be convenient to do the word price for the word value.

Now, if we double or treble all the quantities in the first line, or halve or quarter them, we cause no change of value—we have still the same series of equations, though it is expressed in proportionally higher or lower co-efficients of the quantities: the relative or proportional value of each item in the series to every other item remains quite unaltered. It is evident, therefore, that *there can never be a general increase or a general decrease of all values.* A rise in the value of one article must infer a fall in relation to that article in the value of some other article or articles.

This will be further illustrated by the second line of the table at date 2, in which, as compared with line 1, the value of all the equivalents in relation to one another, remains the same, except that of money. A quarter of wheat is still exchangeable for 100 lbs. of cotton, or for one coat, or for three hats, &c., &c., or for  $10x$ ; but each of these items, though still equal to any other, is now equal to 60s. in money, instead of to 50s., as at the first date. The price or money value of each of the items has risen 10s. At date 2 money will buy one-sixth less of each of the other articles in the table, and each of the other articles will fetch one-fifth more money than at date 1. The value of the articles in relation to money has risen; the value of money in relation to the articles has fallen. *There can, in fact, be no rise in value of anything without a corresponding fall in something else, and there can be no fall in value of one thing without a corresponding rise in something else.*

At dates 3 and 4 there are variations in the equivalent values of the various articles as well as of money. For example: whereas at date 1, 100 lbs. of cotton are of equal value with 50s., at date 3, 75 lbs. of cotton are of equal value with 50s., which is the same thing as saying that 100 lbs. of cotton are worth £66. 13s. 4d.

In line 3, the value of cotton in money, in wheat, in coats, in hats, in gloves, and in  $x$ , is increased, less cotton sufficing to buy the same, or a greater quantity of money, wheat, coats, hats, gloves, and  $x$ ; but the value of cotton in relation to labour is diminished, for as 75 lbs. cotton = two weeks' labour;  $37\frac{1}{2}$  lbs. cotton = one week's labour;  $112\frac{1}{2}$  lbs. cotton = three weeks' labour; it requires more cotton to buy the same quantity of labour as before; or as 75 lbs. cotton = two weeks' labour; 1 lb. cotton =  $\frac{2}{75}$  week's labour; 100 lbs. cotton =  $\frac{200}{75}$  week's labour: 100 lbs. cotton =  $2\frac{2}{3}$  weeks' labour; the same quantity of cotton buys less labour than before.

In line 4, as compared with line 1, the value of wheat all round is increased. A quarter of wheat brings more money, more hats, more coats, more labour, more gloves, more  $x$ , than in line 1.

As regards cotton, its money value, its coat value, its glove

value, its  $x$  value, remain unaltered as compared with date 1, its hat value is increased, its labour value and its wheat value are diminished.

*Thus, the value of any commodity may rise in relation to some commodity or commodities at the same time that it falls in relation to some other commodity or commodities.*

Mr. J. S. Mill has, as we have seen, defined exchange value as general purchasing power, and the definition has been currently adopted; but its adoption should be accompanied by this caveat—that the term “general purchasing power” does not really convey any very definite idea. There is, in fact, no such thing as general value. Every case of value is a particular relation of one commodity or economic quantity to another. Our table shows, at given dates, the wheat, cotton, coat, hat, labour, glove, and  $x$  value of money; and the value of each of these articles in terms successively of each of the other articles in the series, but it does not, and it cannot, show the general value of any of the items. You cannot possibly average the quantities of dissimilar articles, such as cotton, gloves, hats, coats, labour,  $x$ , and money, which a quarter of wheat may exchange for.

*There is, in fact, no permanent or invariable standard of value, and the very nature of value as a relation is such that it can have no standard.*

Money is certainly a common measure of value at the time and place of exchange; but vary the time or the place, or both, and price is no longer the measure of general value.

Money fluctuates in value. It is generally based on gold, or on silver. These metals fluctuate in value. We know that silver has diminished in value within the last few years. Professor Jevons has calculated that between 1789 and 1809 the value of gold fell in the ratio of 100 to 54; and that from 1809 to 1849 it rose again in the extraordinary ratio of 100 to 245, or by 145 per cent. It fell again when the increased supplies from Australia, and California, were poured into the markets of Europe.

Labour has been proposed by Adam Smith\* and others as a standard of value; but we all know that not only is labour of various kinds most variously remunerated at the same time and place, but likewise that at the very same date labour of the same

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\* “Labour, it appears evidently, is the only universal as well as the only accurate measure of value, or the only standard by which we can compare the values of different commodities, at all times and at all places. We cannot estimate, it is allowed, the real value of different commodities from century to century by the quantities of silver which were given for them. We cannot estimate it from year to year by the quantities of corn. By the quantities of labour we can, with the greatest accuracy, estimate it both from century to century and from year to year.”—*Wealth of Nations*, Book I., ch. v.

kind is very variously remunerated at various places. Take, for example, the day's labour of a coolie in India and of a navvy in England. The wages of each are no doubt as much as he can get, and they are probably at least sufficient to furnish him with the bare necessities of existence; but the necessities of existence in India, food, drink, raiment, and housing, are very meagre compared with those necessities as they are commonly regarded in this country. We might as well build a house on shifting sand, as take labour or its wages as a standard for the comparison of values at distant times or distant places.

Wheat has been suggested by some theorists as a measure of comparative values at distant times, on the grounds (1) that a certain quantity of it is necessary to human existence, and (2) that it never can be produced beyond the demand for it. Now, these two reasons are both palpably erroneous. In some countries, Hindustan for example, many of the natives never taste wheat from one year's end to another. In America, we know that wheat in abundant years has been produced in such quantities that the means of transit were insufficient for its transport, and the surplus crop was burnt for fuel.

The fact is, that the search for an invariable standard of value is as vain as the search for the philosopher's stone. It is the pursuit of a phantom which cannot possibly, in the nature of things, have any existence. We have seen that there can be no rise in the value of one thing without a fall in the value of something else. Nothing can be invariable in value unless everything else is also invariable; and thus the only condition in which there could be invariableness of value in any one article so as to qualify it to be a fixed standard of value, precludes the possibility of there being any variation of value in anything else to be measured by means of the supposed standard.

So much for the nature of value. We must now turn our attention to the various leading theories of value and the laws of value which are based thereon.

#### THE LABOUR THEORY OF VALUE.

The original, and still in a somewhat modified form, the common English theory of the cause of value is this: that all objects and services possessing value derive their value from the fact that labour has been bestowed upon them.

#### *Locke.*

Locke, in his "Essay on Civil Government," after showing that the foundation of the right of appropriating portions of the earth

and its products by private persons originated in the labour they bestowed upon them, says:—

Nor is it so strange as perhaps before consideration it might appear that the property of labour should be able to overbalance the community of land; for it is labour, indeed, that puts the difference of value upon everything, and let any one consider what the difference is between an acre of land planted with tobacco or sugar, sown with wheat or barley, and an acre of the same land lying in common without any husbandry upon it; and he will see that the improvement of labour makes the far greater part of the value. I think it will be but a very modest computation to say that of the products of the earth useful to the life of man nine-tenths are the effects of labour; nay, if we will rightly estimate things as they come to our use, and cast up the several expenses about them,—what in them is purely owing to nature and what to labour—we shall find that in most of them ninety-nine hundredths are wholly to be put in the account of labour.

*Adam Smith.*

Adam Smith distinctly traces the origin of value to labour in the following passage:—

In that early and rude state of society which precedes both the accumulation of stock and the appropriation of land, the proportion between the quantities of labour necessary for acquiring different objects seems to be the only circumstance which can afford any rule for exchanging them for one another. If among a nation of hunters, for example, it usually costs twice the labour to kill a beaver which it does to kill a deer, one beaver should naturally exchange for, or be worth, two deer. \* \* \* In this state of things, the whole produce of labour belongs to the labourer, and the quantity of labour commonly employed in acquiring or producing any commodity is the only circumstance which can regulate the quantity of labour which it ought commonly to purchase, command, or exchange for.—*Wealth of Nations*, Book I., chapter vi.

Further on he adds, however, that “In a civilised country there are but few commodities of which the exchangeable value arises from labour only, rent and profit contributing largely to that of the far greater part of them.” Here Adam Smith in plain terms announces cost of production as the regulator of value. In the following chapter he proceeds to describe natural price as cost of production, plus ordinary rate of profit, and market price as the price actually realised, sometimes more, sometimes less than, and sometimes equal to natural price, the natural price being, “as it were, the central price to which the prices of all commodities are continually gravitating.”

*Ricardo.*

Let us now turn to Ricardo; and it will be seen from the following brief extracts from his “*Principles of Political Economy*” that he is a most uncompromising advocate of the labour theory of value.

Mr. Ricardo divides commodities into two classes:—

Class 1. Those, the value of which is determined by their scarcity alone,



no labour can increase the quantity of such goods, and therefore their value cannot be lowered by an increased supply. Some rare statues and pictures, scarce books and coins, wines of a peculiar quality, which can be made only from grapes grown on a particular soil, and of which there is a very limited quantity, are all of this description. Their value is wholly independent of the quantity of labour originally necessary to produce them, and varies with the varying wealth and inclinations of those who are desirous to possess them.

Mr. Ricardo expressly excludes all articles of this class from his investigation. His words are:—In speaking of commodities, of their exchangeable value, and of the laws which regulate their relative prices, we mean always (class 2) such commodities only as can be increased in quantity by the exertion of human industry, and in the production of which competition operates without restraint. Of this class he says,—“That labour is really the foundation of the exchangeable value of all things, is a doctrine of the utmost importance in political economy, for from no source do so many errors and so much difference of opinion in that science proceed as from the vague ideas which are attached to the word value.”

The following are passages in which he states his theory with crystalline clearness:—

If the quantity of labour realized in commodities regulate their exchangeable value, every increase in the quantity of labour must augment the value of that commodity on which it is exercised as every diminution must lower it.

If a piece of cloth be now of the value of two pieces of linen, and if in ten years hence the ordinary value of a piece of cloth should be four pieces of linen, we may safely conclude that either more labour is required to make the cloth, or less to make the linen, or that both causes have operated.

• • • • •  
In estimating the exchangeable value of stockings, we shall find that their value, comparatively with other things, depends on the total quantity of labour necessary to manufacture them and bring them to market.

Suppose two men employ 100 men each for a year in the construction of two machines, and another man employs the same number of men in cultivating corn; each of the machines at the end of the year will be of the same value as the corn, for they will each be produced by the same quantity of labour.

• • • • •  
The labour of a million of men will always produce the same value (presumably in the same time).

The exchangeable value of all commodities, whether they be manufactured, or the produce of the mines, or the produce of land, is always regulated, not by the less quantity of labour that will suffice for their production under circumstances highly favourable and exclusively enjoyed by those who have peculiar facilities of production, but by the greater quantity of labour necessarily bestowed on their production by those who have no such facilities; by those who continue to produce them under the most unfavourable circumstances; meaning by the most unfavourable circumstances, the most unfavourable under which the quantity of produce required renders it necessary to carry on the production.

*McCulloch.*

The following series of extracts from Mr. McCulloch's Introduction and Notes to the *Wealth of Nations*, will serve to show how he states the theory. They are taken from McCulloch's edition of Smith's *Wealth of Nations*, published by A. and C. Black, Edinburgh, 1855.

The relative values of A and B will not be disturbed unless the value of A be raised or depressed in a different ratio from that of B. This, however, can only be done by varying the quantity of labour required to produce the one or the other.—*Introduction*, p. xlvii.

The value of all freely produced commodities depends in advanced societies, as well as in those that are rudest and poorest, on the quantities of labour required to produce and bring them to market.—*Introduction*, p. liv.

Possessing utility, commodities derive their value from two sources. *First*—from the labour required to produce, procure, or preserve them; or *second*—from their being placed under a natural or an artificial monopoly.—*Note II.*, p. 437.

Mr. McCulloch thus summarizes his theory of value, and it will be seen that it does not materially differ from that of Adam Smith:—

1. The *utility* of certain articles renders them objects of demand, and is the cause of labour being expended on their acquisition, or, in other words, of their value.

2. The *value* or power of one commodity to exchange for another is measured by the quantity of any other commodity or of labour for which it will exchange, and this quantity depends upon, and is regulated partly by, the state of their supply as compared with the demand.

3. The *cost* of a commodity is measured by, and is wholly dependent on, the quantity of labour required for its production.

4. To whatever extent fluctuations in the demand and supply of freely produced commodities whose quantity may be indefinitely increased, may sometimes raise their value above, they must at other times equally sink it below their cost, so that at an average their value and cost are identical, and depend upon, and are measured by, the quantities of labour required for their production.

## THE COST OF PRODUCTION THEORY OF VALUE.

*John Stuart Mill.*

Mr. John Stuart Mill, in his principles of Political Economy, Book III., chap. VI., gives a summary of his theory of value, from which it will be useful to make the subjoined extracts:—

The temporary or market value of a thing depends on the demand and supply, rising as the demand rises, and falling as the supply rises. The demand, however, varies with the value, being generally greater when the thing is cheap than when it is dear, and the value always adjusts itself in such a manner that the demand is equal to the supply. Besides their temporary value, things have also a permanent, or, as it may be called, a natural value, to which the market value, after every variation, always tends to return; and the oscilla-

tions compensate for one another, so that on the average commodities exchange at about their natural value.

The natural value of some things is a scarcity value (a monopoly value, he explains, means a scarcity value) but most things naturally exchange for one another in the ratio of their cost of production, or at what may be termed their cost value.

Every commodity of which the supply can be indefinitely increased by labour and capital exchanges for other things proportionately to the cost necessary for producing and bringing to market the most costly portion of the supply required. The natural value is synonymous with the cost value, and the cost value of a thing means the cost value of the most costly portion of it.

*Professor Fawcett.*

Professor Fawcett, in his *Manual of Political Economy*, divides commodities into three classes:—1. Those absolutely limited in quantity—those of which it is impossible to increase the supply, however great may be the demand for them. Such are sculptures and paintings by deceased masters, desirable sites for houses in a city. 2. Those of which the supply may be increased, but only by a greater proportional expenditure of labour and capital. Such commodities have a constant tendency to become more expensive as the demand for them augments. Agricultural produce and the products of mines are given as instances of this class. 3. Commodities which can be increased without any practical limit or without increasing their cost. Manufactured goods and household furniture are instances of this class.

He then proceeds to explain that very different laws will regulate the price and therefore the value of a commodity, according to the particular class to which it may happen to belong.

The law he lays down for the value of class i.—objects absolutely limited in quantity—is what Adam Smith calls the higgling of the market, or an equalisation between supply and demand.

In class ii.—the price of agricultural produce “must always be such as will enable the ordinary rate of profit to be obtained from the worst land in cultivation, which only pays a merely nominal rent.” Subject to this the price is regulated by supply and demand. Similar laws regulate the price of minerals. “The price determines what mines can be worked at a profit.” “The greater the price the less will be the demand—the greater the price the greater will be the supply.” The price is in a position of equilibrium when it is such as to adjust the demand to the supply.

In class iii.—Commodities capable of indefinite increase of production without increase of cost—the price is regulated by two principles.

1. The price must on the average approximate to cost of production, including not simply cost of material and wages of labour, but also ordinary profit on capital employed.

2. The demand varies with price, and price at any particular time must be such as to equalize the demand to the supply.

*Professor Cairnes.*

The late Professor Cairnes has contributed very largely to the literature on value, but although his ingenious disquisitions under the title of "*Some Leading Principles of Political Economy Newly Expounded*," [Macmillan, 1874] are well worthy of perusal, he cannot, I think, be said to have placed the subject in a very different light from that in which he found it. Like his predecessors, he adopts the theory of Natural, Necessary, or, as he prefers to call it, Normal, Value. The subjoined passages contain the pith of his views on this point.

When a commodity is systematically and continuously produced the existence of a normal value soon reveals itself. It is perceived that however greatly the price may vary from time to time, the variations do not occur at random, but obey a hidden principle and tend to conform to a certain rule. The price of wheat may be unusually high one year, but this at once calls into action forces which control the advance, and ultimately bring back the price to its usual level; or the price may be exceptionally low, and then the same forces are ranged on the opposite side, and the price rises. In this way the fluctuations are kept within certain, not, perhaps, precisely determinable, but still real limits, with a constant tendency to approach a central point—the point of normal value of which we are in quest.—Pp. 43-44.

The centre about which market prices oscillate is not a fixed but a moveable centre, moving, however, for the most part in constant directions determined by the character of the commodity, and the circumstances under which it is produced.—P. 45.

Cost of production is undoubtedly the principal and most important of the conditions on which normal value depends.—P. 47.

He points out, however, that as labour cannot be freely transferred from one class of work to another, that is, from unskilled to skilled work, "the principle of cost of production controls exchange value in the transactions taking place within certain industrial areas," in which "the wages and profits in different occupations are in proportion to the sacrifices undergone," while "in the reciprocal dealings of these several areas with one another the operation of the principle fails." In the cases where he thinks cost of production fails to account for normal value, Cairnes holds that it is determined by reciprocal demand between the non-competing areas just as John Stuart Mill holds that reciprocal demand and not cost of production determines international values. But if by cost of production we are to understand not the sum of the labour and sacrifices incurred by all the various persons concerned in the production of the commodity but simply the outlay incurred by the dealer who produces it on the market plus his remuneration and profits, then, conceding that there is such a thing as normal or natural value, the principle of cost of production would determine

that value in all cases of commodities systematically and continuously produced. I find that this is the view taken by Mr. W. T. Thornton in an article in the *Contemporary Review* for October, 1876, entitled, "Professor Cairnes on Value."

On Market Price and the Laws thereof, Professor Cairnes writes as follows :—

Market price is determined by supply and demand—understanding by "supply," not merely the quantity of a commodity sold, offered for sale or present in a given market, but the quantity intended for sale wherever it exists which the dealers in the particular market know or believe to be available to meet within certain limits of time the demand which falls within the range of their dealing; and by "demand," a strictly analogous conception, namely, the desire so far as accompanied by purchasing power anywhere existing for the commodity, which in the opinion of the dealers in the market admits of being satisfied within certain limits of time by the attainable supply, the "certain limits of time" in each case being the period intervening between the time of sale and that at which fresh supplies can be brought forward from the ordinary source of production. Understanding demand and supply in the sense defined as the factors which conjointly produce the phenomenon, their manner of operation can only be indirect since price expresses a contract between human beings whose wills must form the primal link in the causal chain. \* \* \* The buyer seeks to buy as cheaply as he can, the seller to sell as dearly as he can, but with all this it is the interest of both to know the price beyond which in one direction the buyer, in the other, the seller cannot pass without loss, and this is precisely the price which stands identified with the consumer's interest. For if the price rises beyond this point consumption is checked, stocks accumulate, and a fall of price is necessitated to the loss of all dealers who have purchased above the depressed rate, while on the other hand if the price falls below it the result is an advance at a future time to the loss of all who had sold while the lower price prevailed. \* \* \* Under all circumstances the price of the market is determined by the opinions of dealers in the market founded upon their knowledge of demand and supply—of dealers pursuing their interests under circumstances which, in proportion to the intelligence and knowledge at their command favour the establishment of the proper market price. The foregoing is the nearest approximation I can make to a statement of the law of market price. Pp. 125—6.

*Mr. W. T. Thornton.*

The opinions of Mr. W. T. Thornton on the subject of value, are supported with great acumen in his work "On Labour" [Macmillan, 1869,] and in his article, "Professor Cairnes on Value," in the *Contemporary Review* of October, 1876. He believes in "natural," "necessary," or "normal" value, but prefers to call it, as Adam Smith did, "natural value," and he holds that "within one and the same country, every portion of whose capital can freely compete with every other portion, the 'law' of normal value, if the word law were here permissible, would be that 'normal value' depends absolutely and exclusively on cost of production." With regard to market value he says, "No definitions of supply and demand can be given consistently with which it is possible for them to determine price" ("Labour," p. 43.) He contends that although supply cannot be increased without lowering price, demand remaining the same, yet

demand can be increased without raising price, supply remaining the same. That "price may either rise or fall, although supply and demand remain the same, and that whether it rise or fall, the price finally resulting, need not be one at which supply and demand will be equalised."

It is competition alone, and primarily and mainly the competition of dealers, that regulates market value; the activity of competitors depending upon and varying with—not the actual relations of supply and demand—but the varying estimates formed of those relations by competitors of very various degrees of sagacity, and the more or less powerful influence exercised by those estimates on competitors subject to very different degrees of necessity.

The lowest price at which any resolve to sell becomes, for the time being, the current price, and what causes it to be so is competition. What caused certain dealers to adopt that price was the fear that otherwise competition would prevent their selling as fast as they desired. What prevents other dealers from asking higher prices is the knowledge that they will be undersold if they do. Plainly, then, it is competition and competition alone which regulates price, and equally plain is it that competition is not regulated by supply and demand, for in precisely the same relations of supply and demand competition may vary indefinitely. What, then, does regulate competition? My answer is, simply nothing. If it can properly be said to depend upon anything it depends partly upon individual necessity, partly upon individual discretion; and, as for the first of these, there is proverbially, and for the second, manifestly, no law; so likewise there is no law of competition [and, consequently, as he adds], neither can there be any law for price.—(*Contemporary Review*, October, 1876.)

*Walter Bagehot.*

The late Mr. Walter Bagehot had all the qualifications necessary to fit him to be a great teacher of Political Economy. Combined with a minute and accurate knowledge of the operations of business of all sorts, he had a highly-trained and acute philosophic mind, and a power of exposition at once felicitous and convincing. In his "Economic Studies" [Longmans, 1880], published after his decease, we have, though in a fragmentary shape, the foundations of a systematic exposition which, had the author lived to complete it, would have effectually relieved the science of many of those excrecent growths of abstruse logomachy by which it is now disfigured, obscured, and obstructed. Those who have not yet read the "Economic Studies" have yet to realise how great a loss befel the State that day when Bagehot died.

Nowhere in the "Economic Studies" does Bagehot speak expressly of a law of natural, necessary, or normal value. The following passages, however, bear on the point: "We have arrived at the principle that within the same nation all commodities will tend to be of the same exchangeable value whose cost of production is identical, and that this cost of production is that which the capitalist expends and the return for which he is willing to take the pains of expending it" (p. 107).

"The pecuniary remuneration to the labourer, and the pecu-

niary remuneration of the capitalist seem to me to be essential ingredients in the permanent money price which is to pay them both, for that price must be such as will so pay them, and so pay them adequately" (p. 196). "Cost of production, when analysed properly, is a prompt and efficient regulator of 'value'" (p. 202).

Mr. Bagehot's remarkably lucid analysis of market value is summarised in the following passages :—

There are in every exchange no less than six elements which, more or less, affect it in general—first, the quantities of the two commodities, and, next, two feelings in each exchanger—first, his craving for the commodity of the other, and, secondly, his liking or disinclination for his own. In every transaction, small or great, you will be liable to blunder unless you consider all six (p. 102).

A bargain will be struck when four conditions are satisfied—viz., when the seller thinks he cannot obtain more from the buyer with whom he is dealing, or from any other; when he is sufficiently desirous to sell his article, or enough in want of money to take the price; or when he thinks he can himself obtain the article at a less price, and is willing to take the trouble and incur the risk of attempting to do so; when the buyer thinks that he cannot obtain the article for less, either from that seller or any one else; when he is so eager for the article, or so anxious to invest his money, as to give that price; or when he thinks he can borrow the requisite money, and when he is sufficiently desirous of the article to take the trouble and incur the risk of attempting to do so.

#### Professor Jevons.

In an ingenious treatise entitled "The Theory of Political Economy" [Macmillan, 1871], Professor Jevons applies the symbols and processes of the calculus to the illustration and demonstration of economical theories. As my mathematical knowledge is, unfortunately, long since dead and buried, I can hazard no opinion as to the success of that portion of his method, and must confine myself to stating, as much in his own words as possible, the conclusions at which he arrives. He maintains that *value depends entirely upon utility*, and if I understand aright his definition of utility, it means *estimated serviceableness*. He points out that there is a variation in the degree of utility of different quantities of the same commodity, and that the "final degree of utility is the function upon which the whole theory of economy will be found to turn." "*The final degree of utility varies with the quantity of commodity, and ultimately decreases as that quantity increases.*" For the word "value," in his demonstrations, he substitutes "ratio of exchange," as being less ambiguous. He makes out that "the keystone of the whole theory of exchange, and of the principal problems in political economy, lies in this proposition—*The ratio of exchange of any two commodities will be inversely as the final degrees of utility of the quantities of commodity available for consumption after the exchange is effected.*" Now I frankly confess I do not at present understand this formidable proposition. Some day or another I must crack that nut, or break

my teeth in the attempt; but, meanwhile, it is clear we must not look to Professor Jevons for much simplification of the science.

It is more within our present province to note how he discards the labour theory of value in the following passages:—

The mere fact that there are many things, such as rare ancient books, coins, antiquities, which have high values and which are absolutely incapable of production, now disperses the notion that value depends on labour. Even those things which are producible in any quantities by labour seldom exchange exactly at the corresponding values. \* \* \* If no use could be found for the "Great Eastern" steamship its value would be *nil*, except for the utility of some of its materials. \* \* \* The fact is, that *labour once spent has no influence on the future value of any article*—it is gone and lost for ever. In commerce, by-gones are for ever by-gones, and we are always starting clear at each moment, judging the values of things with a view to future utility. \* \* \* But though labour is never the cause of value, it is in a large proportion of cases the determining circumstance, and in the following way: Value depends solely on the final degree of utility. How can we vary this degree of utility? By having more or less of the commodity to consume. And how shall we get more or less of it? By spending more or less labour in obtaining a supply. According to this view, then, there are two steps between labour and value—labour affects supply, and supply affects the degree of utility which governs value or the ratio of exchange (pp. 158, 159, 160).

Having thus repudiated the labour theory of value, Professor Jevons, a few pages further on, startles us by speaking of "the well-known and almost self-evident law that articles which can be produced in greater or less quantity exchange in proportion to their cost of production. The ratio of exchange of commodities will, as a fact, conform in the long run to the ratio of production." \* \* \* And again, "Thus we have proved that commodities will exchange in any market in the ratio of the quantities produced by the same quantity of labour."

I am utterly at a loss to understand how Professor Jevons can reconcile this position with his previous renunciation of the labour theory of value, and with the strictures which in that connection he passes upon Ricardo, who, as he says, "by a violent assumption founded his theory of value on quantities of labour considered as one uniform thing."

The contradiction is a disappointment for which we are only partially consoled by the following remark: "The ratio of exchange (value) governs the production as much as the production governs the ratio of exchange" (p. 183). The observation is as important as it is perfectly just.

There is no doubt that value influences supply as much as supply influences value.

*Henry Dunning Macleod.*

So far as I am aware, Mr. Henry Dunning Macleod was the first



amongst English economists systematically to confute the labour and the cost of production theories of value. His work, entitled "Principles of Economic Philosophy" [2nd Ed., Vol. 1, Longmans, 1872], contains a most elaborate, and, to my mind, a most convincing demolition of these theories, and by the establishment of one single and invariable law of value, successfully relieves the science of an irksome load of complication. Let us follow him as rapidly as we may along his rigorously logical line of argument. If labour be the cause of all value, it follows:—1. That all variations in value must be due to variations in labour. 2. That all things produced by the same amount of labour must be of equal value. 3. That the value must be proportional to the labour. 4. That a thing once produced by labour must always have value, and the same value. These are all necessary conclusions from the proposition that labour is the origin and cause of value. He shows by examples, of which we shall enumerate a few, that each of these conclusions is palpably inconsistent with fact; therefore the premise from which they are logically deduced must be false.

Many things have value without any labour having been bestowed on them. "The space of ground on which a city stands is in no way the result of labour. Land in the heart of London has been often sold at a rate exceeding £1,000,000 an acre, perfectly exclusive of any buildings upon it. When was any labour bestowed upon it? \* \* \* A frontage in Regent Street, Fleet Street, Cheapside or Cornhill is of far more value than an equal space of ground in a back street. As the tide of fashion, population, and wealth sets towards a locality the ground in it rises rapidly in value, whereas, when a neighbourhood is deserted by fashion and wealth, the ground rapidly diminishes in value. How can these variations in value be due to different quantities of labour? \* \* \* The proprietor of a coal mine or a stone quarry demands and receives a price for the coal, or the marble, or the building stone as it exists in the mine or the quarry before a human being has touched it. \* \* \* If a person finds a diamond, or a lump of gold by chance, will it sell for nothing before it is picked up? \* \* \* Many oak trees would sell for £60 or £100 as they stand on the ground. They were perhaps self-sown. How is the value of such an oak tree due to labour? Near these oak trees there may be growing other trees—beeches, elms, ashes—of the same size, but they will sell for very different prices to the oaks. Are these variations in value due to different quantities of labour? All things produced by the same amount of labour are not of the same value. If it were so, a diamond and the rubbish it is found in must be of the same value; so a pearl and its shell should be of equal value, and so on.

We need not follow Mr. Macleod further through his series of examples. They might be multiplied *ad infinitum*, as thus:—

A struggling artist may expend a year's labour in painting a picture; but if he can find no one to buy it, where is its value?

An author may spend a lifetime in writing a poem; but if no one will buy a copy, what value results from his labour?

An engineer may construct a machine with the expenditure of much thought and much manual labour of his own and his work-people; but if it will not serve its purpose, the machine will probably not sell for what was paid for the materials of which it was constructed.

A Wedgwood vase, which was purchased from Etruria last century for 20 or 30 guineas, was sold in 1876 at Christie and Manson's for £735. Was any labour bestowed on that vase since it left the works to account for its value being increased to five-and-twenty-fold of the original selling price?

A hunting horse will usually fetch a higher price in November, at the beginning of the hunting season, than in April, at its close. Has the amount of labour bestowed on that horse anything to do with the fluctuations in its value?

Twenty-five years ago a short-horn bull could have been bought for £100; in 1876 a bull of the same strain would have fetched £2,000 or even £3,000. Did the amount of labour requisite to produce and rear and bring to market short-horn cattle increase twenty or thirty-fold in twice ten years?

Consols are now quoted at about 100; some years ago they stood at 85. Will labour in any shape or way whatever account for this increase of value?

If labour is the cause of value, why does the stock of a bankrupt draper sell for less than cost price? Is the quantity of labour expended on it or the quantity of labour which would be necessary to reproduce it diminished?

Mr. Macleod defines cost of production as "the cost of placing the article in the required place," meaning thereby on the market. He points out that "profits are no doubt the inducement to produce but not part of the cost of producing." "It seems better to restrict the expression 'cost of production' to what mercantile men call *prime cost*. Profits are the difference between prime cost and market price."

The same process of reasoning which disposed of the labour theory of value is employed by Mr. Macleod to disprove the cost of production theory of value. If, he urges, the cost of production theory of value be true, then (1) all things produced at an equal money cost must be equal in value, independently of any other consideration, which is not the case; (2) all changes in value must be due to changes in cost of production, and to nothing else, which is not the case; and (3) all parts of the same thing, when once produced, must be equal in value, of which there are many instances to the contrary.

Mr. Mill says: "In all things which admit of indefinite multiplication, demand and supply only determine the perturbations of value during a period which cannot exceed the length of time necessary for altering the supply." Mr. Macleod begs us to observe Mr. Mill's reasoning. Mr. Mill "says that the value at *any* particular time is the result of supply and demand, the plain meaning of which is that the value at *all* times is the result of supply and demand. And then he goes on to search for a law other than demand and supply which regulates the permanent value; that is to say, the permanent value is regulated by a different law from that which regulates the value at *all* times.

After discussing and discarding utility as the true cause and origin of value, Mr. Macleod proceeds—

"Seeing then that labour and utility altogether fail to stand the test of being the cause of value, what remains? The only thing which ancient writers, Aristotle the author of *Eryxias*, and the Roman lawyers; in modern times the Physiocrates, Smith, Condillac, Whatley, Bastiat, J. B. Say and many others have observed, EXCHANGEABILITY. And what does exchangeability depend upon? If I offer something for sale, what is necessary in order that it may be sold? Simply that someone else should DEMAND it."

The wording of that paragraph is open to criticism in one or two points, and for my present purpose I should prefer to express in the following terms, what I have no doubt is Mr. Macleod's meaning.

We know that everything which has value in the economic sense must be exchangeable, and that the phenomenon of value occurs when one thing is exchanged for another. Why does an exchange take place? Because each party to the exchange wants or desires something which the other has got and is willing to part with.

The two following paragraphs give the gist of Mr. Macleod's conclusions:—

"Demand is the sole origin, source and cause of value. It is demand or consumption and not labour which gives value to a product. It is not the labour which gives value to the product, but the demand for the product which gives value to the labour. HENCE IT IS NOT LABOUR WHICH IS THE CAUSE OF VALUE, BUT IT IS VALUE WHICH IS THE CAUSE OF OR INDUCEMENT TO LABOUR."

"The universal law in 'Political Economy' is that THE RELATION BETWEEN DEMAND AND SUPPLY IS THE SOLE REGULATOR OF VALUE. This law, like the law of gravity, holds good in all cases whatever. It not only governs the value of any article but also governs the value of every separate item of which that article is composed. All circumstances whatever that influence value can be shown to do so solely through their effect in altering the relation of supply and demand."

## REVIEW AND DEDUCTIONS.

On a review of the opinions of Adam Smith, Ricardo, McCulloch, J. Stuart Mill, Fawcett, and Cairnes, it will be seen that practically they all agree in assigning the operation of supply and demand as the sole cause of value in articles which cannot be reproduced by human labour. So far we can readily agree with them subject to a very necessary modification, which will by and bye be suggested of the terms supply and demand. They further practically agree in attributing to the same law of supply and demand the ordinary oscillations of market price of all other articles, that is of all articles which are capable of being produced in increased quantities. They all seem to admit that each particular case of value is regulated by supply and demand. Therefore it is not inconsistent with their views, although not one of them so states the case, to conclude that the operation of what we may for the present call demand and supply is in reality the sole cause and the law of value, for that which regulates each particular case must of necessity regulate all cases. When this conclusion lay under the very noses of Mr. Ricardo and his school, why did they not draw it, and thus establish one general and invariable law for value? Apparently because, following Locke and Adam Smith, they had got the ingenious but erroneous idea into their heads that labour was the source of value, and they must spin a theory of natural, normal, or necessary value in order to embody that idea. They were compelled to admit that the present value of a picture by Turner or a vase by Wedgwood did not depend upon the quantity of labour expended on the picture or the vase. They might have considered that the value of a thing being simply and invariably its exchange relation to something else, the cause or law which accounted for so simple and invariable a phenomenon must be invariable and probably also as simple. A law was wanted which would explain the phenomenon of value whensoever it occurred. They passed by that law which stared them in the face, and paraded as the law of value a theory which is not a law, and which will not account except by the merest accident for any of a dozen instances of the phenomenon of value taken at hazard.

Let us endeavour to examine that theory. It is avowedly based upon the idea that there is an abstract and central value, different for the most part from the market value of the moment, but to which the market value, notwithstanding its numerous and it may be extreme oscillations, tends in the long run to conform. This abstract central value has been variously denominated "natural" value, "average" value, "permanent" value, "normal" value and "necessary" value. Here is a variety of nomenclature which, when professedly applied to the same idea, excites suspicion at the very outset and suggests the conclusion that there cannot be much

definiteness in the idea on the characterisation of which it is apparently so difficult to attain agreement. Why should this ideal central value be called "natural" value? It is in the very nature of value to vary as it is swayed by the changing want-or-fancy-driven desires of men. In fact, it is so contrary to the very nature and to the observed facts of value that it should conform as a rule to cost of production that it is certainly a misnomer to call cost-of-production-plus-profit value "natural" value. Just as correctly might it be styled "unnatural" value.

Does the term "average" value better denote the idea? I fear not. If we ask over what period the average is to be struck—1 year, 5 years, 10 years, 100 years, and if we ask how the average is to be struck, and wherewithal it is to be meted—who shall tell us? The fact is, that as a theory of average value the cost-of-production-plus-profit theory of value fails entirely.

There are many trades which from a sudden change of fashion collapse altogether. The cost of production of the article or the quantity of labour necessary to produce it remains unaltered, whilst the value or price of the article drops rapidly to zero. As instances of this may be cited the steel shoe-buckle trade and the bob-wig trade of last century, and the crinoline manufacture of a more recent date. If all men wore beards what would become of the value of razors? Now, in a case of this kind, while the cost of production, including ordinary profit, remains say for a year at 50, and the price during that time drops rapidly to 10, 5 and *nil*, until the trade is finally given up, the natural-price or average-value theory is entirely falsified, for where is the coincidence of the average of the market price or value with the cost of production including ordinary profit? If the line of cost of production and the line of market price were figured on a diagram, it would become apparent at once how utterly the divergence between them during the decline of the trade would destroy any average coincidence which might have been exhibited for years previously.

The epithets "permanent," "necessary" and "normal" are not so incorrectly applied as "natural" and "average" to the ideal central value which we are endeavouring to understand. If value were established by cost of production plus ordinary profit, it would be more permanent in the sense of exhibiting fewer fluctuations than market value is found to do. Again, the ideal central value is doubtless styled "necessary," because its realization is needful to the due remuneration of the producer. It is called "normal," not because it follows the rule or principle of actual value, which it certainly does not, but because it follows the principle laid down for it by its authors, viz., that it varies in conformity with cost of production plus ordinary profit.

But now to come to the very root of the matter. Is this ideal

central value, call it by what name you will, "natural," "average," "permanent," "necessary," or "normal," is it value at all? I deprecate as much as any one unnecessary hair-splitting, but precision of language is indispensable to precision of thought; therefore let us distinguish.

The value with which political economy professes to deal is exchange value, and exchange value only, value as determined or determinable by actual exchanges of one economic quantity for another. Now value as determined or determinable by actual exchanges is surely identical with market value. Yet, say our theorists, exchange or market value conforms in the long run to another kind of value, which they call natural, necessary, or normal value. Are there then two kinds of value? I devoutly trust not. Is natural, necessary, or normal value an exchange relation, realisable by, or the result of, actual exchange? No! Then it is not value in the economic sense. It is an impostor, calling itself by a name to which it has no title. It is a "juggling fiend," which "palters with us in a double sense." Be it no more believed! What is this impostor when stripped of the garb of value in which he has so long and so perniciously masqueraded? Pull away the lion's skin, and let us jeer at the jackass. If natural, necessary, or normal value be not value, what is it? Why cost, nothing but cost, or perhaps cost plus ordinary profit. All that there is of the idea of value in it is this, that being cost, it may form the basis of the producer's hopes or expectations of what the exchange value may be, and it may sometimes enter into the calculations of the consumer when considering what price he should pay for the commodity; but whatever it is, it is not value in the only sense in which the science of economics can deal with value. How truly Jeremy Bentham seized the point of the controversy when, after reading Ricardo's exposition, he told him roundly it was all founded on a confusion between *cost* and *value*. If we would avoid complication and error, we must be unitarians in our conception of value. Our creed must be, there are not two values, but one value.

But, it will be asked, can you deny the correctness of Ricardo's statement, that, "with the rise or fall of price profits are elevated above or depressed below their general level; and capital is either encouraged to enter into or is warned to depart from the particular employment in which the variation has taken place?" It is as impossible as it is unnecessary to deny the truth of this position. The course of trade furnishes superabundant evidences of it. The high price of iron and coal in 1872-3 attracted much additional capital to these trades; and this, even if the demand had not subsequently abated, would unquestionably have reduced prices to a lower level, and did actually, in conjunction with a serious default in the

demand, cause prices to sink to something like one-third of their range during the period of inflation. It is, then, as true as it is natural that, when profits continue high in any particular branch of manufacture, additional capital is attracted to that branch; and that, thereby, the prices of its products are reduced. It is equally undeniable that when a branch of trade is for any length of time unprofitable, some of the capital engaged in it is starved out and withdrawn, and that the process generally goes on until prices in the trade in question are restored to a higher level. But how are these results brought about? If prices are high in the trade, the increased capital imported into it increases production, and supply being thus augmented, prices must fall if demand does not increase in the same or a greater proportion. If prices in the trade are unremunerative, the withdrawal of capital diminishes the production, and thus restricts supply, and if demand does not fall off in the same, or a greater proportion, prices must rise. Briefly, when profits are above the average, production will be increased, and when profits are below the average, production will be diminished. This is a general law of production—a law which regulates supply. But it is not a law of value, and it seems to me that much obscurity and complication have been most unnecessarily imported into economical science by the endeavour to wrest this simple law of production into a law of value.

What then is the sum and substance of the conclusions at which we arrive? It is this. The true origin and cause of value lies in the wants and desires of man. In other words, the cause of value is demand: meaning by demand the desire to possess coupled with the means and the will to purchase. Demand in this sense alone confers value. Without it, value vanishes. According to its intensity value increases or diminishes. The self-evident character of this proposition renders it scarcely necessary to waste time in its demonstration. It is neither an induction from insufficient data nor an *a priori* theory assumed to be true without sufficient proof. Take any number of cases and you will find that, given an exchangeable commodity in the possession of any individual, it has no value in the economic sense of value in exchange, unless there be a demand for it on the part of some other individual; demand meaning, in the economic sense, desire coupled with the means and the will to purchase. Again, given an exchangeable commodity in the possession of any individual, it has value whenever demand in the sense indicated is brought to bear upon it, and that value is determined so soon as the demand reaches such intensity as to result in an actual exchange.

#### DEMAND AND SUPPLY.

Value is popularly said to depend on demand and supply; but

the expression, though generally understood, and in some respects convenient, is not scientifically accurate.

It is easy to understand the meaning of the word supply. It is sufficiently accurate to define it as the amount of any commodity or service offered for sale or exchange. The corresponding French word is *offre*.

Demand is the desire to possess, backed with the means and the will to purchase.

It is not, however, a very accurate mode of expression to say that value is the result of an equalisation or equation between supply and demand. This difficulty is noticed by Mr. John Stuart Mill in the following passage:—

Some confusion must always attach to a phrase so inappropriate as that of a ratio between two things not of the same denomination. What ratio can there be between a quantity and a desire, or even a desire combined with a power? A ratio between demand and supply is only intelligible if by demand we mean the quantity demanded, and if the ratio intended is that between the quantity demanded and the quantity supplied. But again, the quantity demanded is not a fixed quantity, even at the same time and place; it varies according to the value, if the thing is cheap there is usually a demand for more of it than when it is dear. The demand therefore partly depends on the value. But it was before laid down that the value depends on the demand. From this contradiction how are we to extricate ourselves? How solve the paradox of two things each depending upon the other?

Mr. Mill finally comes to the conclusion that "the value which a commodity will bring in any market is no other than the value which in that market gives a demand just sufficient to carry off the existing or expected supply," but this is not correct. There may be a large supply of any commodity and a demand for only a portion of the supply. Purchases are made with the result of establishing the value of the portion sold; and yet the demand, though satisfied for the time, has not "carried off the existing supply," not to speak of the expected supply. Let us see whether we can find a solution for the difficulties which Mr. Mill states so clearly, but which he scarcely seems so clearly to meet.

Are not demand and supply in a certain sense interchangeable terms? A has wheat to sell; B has money with which to buy wheat. A's desire or demand is a demand for money. B's demand is a demand for wheat. In other words, money is the object of A's demand and the subject of B's supply; wheat is the object of B's demand and the subject of A's supply.

Let us note down in parallel columns the facts of the market on each side.

A, a holder of wheat.

B, a holder of money.

A desires to exchange wheat for money.

B desires to exchange money for wheat.

A's demand is a demand for money.

B's demand is a demand for wheat.



(Desire and demand, an affection of the mind.)

A's supply is a money-demand-  
ing supply of wheat.

B's supply is a wheat-demand-  
ing supply of money.

(Supply, a quantity.)

C, D, E and F, other holders of  
wheat, with which supply  
they are demanders of money.  
Further prospective sellers of  
wheat, with their probable  
desire to sell and their pro-  
bable supply of wheat.

G, H, I and K, other holders of  
money, with which supply  
they are demanders of wheat.  
Further prospective buyers of  
wheat, with their probable  
desire to buy, and their pro-  
bable supply of money where-  
with to buy.

A and B each consider all these various circumstances of the market and form the best estimate they can of each and all of them. A will not sell to B if he can get a better price from G, H, I, or K. B will not buy from A if he can buy more cheaply from C, D, E, or F. It is not the quantity of the supply of wheat offered in exchange for money, as opposed to the quantity of the supply of money offered in exchange for wheat, nor the quantity of money demanded in exchange for wheat, as opposed to the quantity of wheat demanded in exchange for money, which directly regulates the price. It is the necessities, wants, and desires of the dealers, their judgment and their skill.

The only condition under which what I would call demanding-supply on the one side, as against demanding-supply on the other side, viewed merely as quantities could be considered as determining price, is that we should regard the dealers in the market not as human beings with varying necessities and feelings, but as mere automata or perfect buying and selling machines. We know that market going man is not a perfect buying and selling machine, and I cannot see what political economy is to gain either theoretically or practically by regarding him as such.

The determination of value is then an equation between two demands—between B's money demand for A's wheat and A's wheat demand for B's money. The bargain once struck between them we have the money value of wheat on the one hand and the wheat value of money on the other.

To formulate this view we may say that A having  $x$  to exchange and B having  $y$  to exchange, and it being necessarily implied in the mutual wish to exchange that the desire of A must be greater for B's  $y$  than for his own  $x$ , and the desire of B for A's  $x$  must be greater than for his own  $y$ , then the exchange will take place, and the value of  $x$  and  $y$  will be determined when the desire of A for  $y$  equals the desire of B for  $x$ . Then value  $x$  = value  $y$ . If A does not wish to part with the whole of his  $x$ , or B does not wish to

give the whole of his  $y$  for the whole of A's  $x$ , or conversely if B does not wish to part with the whole of his  $y$  or A does not wish to give the whole of his  $x$  for B's  $y$ , or in other words if A's desire for  $y$  be greater or less than B's desire for  $x$ , then the exchange will take place when the attraction, desire, or demand of A for  $\frac{y}{p}$  is equal to the attraction, desire, or demand of B for  $\frac{x}{q}$ ,  $p$  being any divisor of  $y$ , and  $q$  any divisor of  $x$ . The formula will then be: A having  $x$  and B having  $y$ , when A's desire for  $\frac{y}{p}$  = B's desire for  $\frac{x}{q}$ , then an exchange takes place, and value  $\frac{x}{q}$  = value  $\frac{y}{p}$ .

#### CONCLUSION.

With a very brief recapitulation I will now conclude.

I have endeavoured—

1. To explain the nature of value ;
2. To refute the common theory that value is dependent on labour or cost of production, and to relegate that theory to what I consider to be its proper position as a theory or law of production merely, affecting supply, and not, except through modification of supply, affecting value ;
3. To establish demand as the origin of value ; and
4. Finally, to substitute for the incorrect expression that value results from an equation between demand and supply, the more accurate expression, as it seems to me, that value results from an equation between two demands.

#### DISCUSSION ON MR. DUN'S PAPER.

MR. STEPHEN BOURNE: I think we must all be very much indebted to Mr. Dun for the clearness with which he has stated the case. The want of explanation as to the real meaning of value is at the foundation of the many errors into which we find political economists, or those who profess or think themselves such, so often falling. From the sphere of observation which comes before me most distinctly, I am aware of the confusion which exists in estimating the progress of the trade of the country by returns which cover any long period. For a great many years the public accounts were compiled on this system: a standard of value was laid down in some very remote age for each specific article. The accounts of the exports and imports of the country were kept in quantities, compiled as quantities alone, and a value computed for each by this standard. That system was for a long period of time maintained and defended against the most powerful arguments, on this ground, that it gave a representation of the quantity, that inasmuch as it was utterly

impossible to add quantities of different things together and bring them into any common denomination, it was therefore necessary to reduce them to a money standard in order to compare the progress of trade. You cannot add gallons of wine and quarters of wheat together to present an intelligible idea, except by attaching a specific value to each, bringing them into money, and then adding them together. It was thus that a comparison was instituted between one period and another, and no account was taken of the variations in value which went on for a series of years, it being thought that time made no difference with regard to standard value. If we had a return at the present day that so many thousand pounds were spent in wheat fifty years ago, and the same amount spent this year, it is quite clear that if the value was at the same rate at both periods, the two values would give a correct representation of the quantity. So, if you added wheat and wine together, presuming that the value of each of these articles remained unchanged, and that the relative quantities also remained unaltered, then by adding the two values you would get a distinct comparison between the two periods. But it was lost sight of that the change in value of all the proportionate quantities of each of these articles entirely upset the theory, so that all the accounts of the value of the trade of this country prior to 1854 are far from being correct in this respect. Allow me to state a case in illustration, which will be found detailed more at length in a paper which I read some years ago.\* Take the case of eggs and cotton, and the position of France and England in regard to these. The price of eggs was fixed some years ago at what would appear ridiculously low in the present day, 9d. per hundred. Cottons were valued then at an extravagant price, 1s. 6d. per yard, indeed such a price as no one would be prepared to pay at the present day; eggs at something like an eighth or tenth less, and cotton at least four times greater than, the price they now are. Therefore it stands to reason that when the quantity of cotton was multiplied by a price of four times its present value, and the quantity of eggs by eight or ten times less than their present value, it offered no true indication whatever, and so threw out the balance of trade between England and France to an enormous extent. Instead of the balance being one way by many millions, it was brought out the other way. I mention this as an instance of the extreme importance of having a true conception of what value means, and therefore we cannot overestimate the importance of the present paper. But again we have had, not long ago, a great deal of discussion as to the appreciation of gold, a subject that has aroused a good deal of attention, and I think we then saw that the arguments which have been prevalent are not altogether sound. We were brought back to the assertion that the value of the gold arises from a comparison with articles exchangeable for gold, and unless we get a correct

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\* "Trade, Population and Food," pp. 17, 18.

estimate of the values thus exchangeable, it is utterly impossible to ascertain whether the change has been in the articles themselves or in the gold which is exchangeable for them. I think my friend, Mr. Giffen, who took up strongly the question of the appreciation of gold, somewhat erred in that respect. Another question arose as to whether the trade of the country had fallen off, in the quantity of the goods, or in the value of those we sent away. Lord Derby, I think, made a great point in one of his speeches, based on the comparison of what the quantities of goods exported in a given year would have been worth had they realized the prices at which they stood in a former year, and it was said that the trade of the country was in a prosperous condition because the amounts were equalized. The real fact was that an inflated value, occasioned by the coal famine of 1872-3, was attached to many of the articles which were compared. I think I shall differ with Mr. Dun a little as to there being only one value for articles. The value of coal and iron some years ago enhanced the cost of some articles at that time, and so throughout the comparison. That is merely another illustration of the extreme importance of having clear and correct ideas of what we may mean by value; and, with regard to the two values of an article, I agree with Mr. Dun that there is such a thing as momentary value for an article, and not an intrinsic, or real, or normal value. But there is for most articles an exchangeable value in the long run, which does not attach to them for the moment; and if we estimate things according to their momentary value we shall run a good deal into error. Take the case of money. Nobody would say that when a panic ensues and consols fall to a low point, that that is their real or permanent value. Anybody wishing to invest for a permanency seizes the moment when they are depressed in order to buy them, and no person will then sell unless he is forced to do so, or unless the present value of the money is of more value than if he allowed it to remain in consols. I think in that case we must recognise that there are two values to articles, though not in the sense Mr. Dun has controverted. To go back somewhat; we had, sometime ago, a great discussion as to the accumulation of capital here, when it was stated that the country was in an unbounded condition of prosperity, because the capital had increased to such an enormous extent. I wish again to say that the capital had not increased to so great an extent, and it was not a sign of prosperity, certainly not to the degree attached to it; and for this reason that this assumption of the accumulation of capital was founded on the value attached to articles at the time, house property being included. The returns of the income-tax were taken as the basis, and house property was valued at a very high figure, it being said that the capital of the country had increased by the difference in value of a house twenty years ago and at the present

time. I ventured on that occasion to say that if we waited for three or four years and took the value then, we should find a great decrease; that it was not a real increase or decrease in the capital of the country, because it had risen from temporary advantageous circumstances and had not fallen through the opposite. That is another illustration, I think, of the importance of a clear idea in regard to what we mean by value. But there is a lasting value, something like a permanent value, in contradistinction to temporary value, which the times may occasion, which proves again the necessity of our having clear and distinct ideas about it. This Mr. Dun has so very ably put before us in the present paper, that I think there can be no doubt whatever that the labour theory is utterly intangible. That is so thoroughly demonstrated in the paper that it would not be worth while to dwell upon it. But we may say that labour has no constant value; it may be employed in destruction and connection with warlike operations, and we cannot say, therefore, that things are to be valued according to the amount of labour expended on them. I should like to take the case of a body of men who are engaged in producing wheat, and who live solely on it, it would not be the price of the wages paid to them which would be the value of their labour, but it would be the value of the wheat which they consumed in the process of so doing. I think this applies very much to the question of the expense to the country of a standing army. It is often said that the country expends an enormous amount in the maintenance of a standing army, and that is estimated according to the value of the wages of the time, whereas the loss to the country is only the cost of that which is required to maintain those who are employed as soldiers, or rather, I should say, the value of that they might produce if otherwise employed. I would go a little bit further back and say that the truest source of value is really the existence of life, and almost everything we possess owes its value not so much to the labour or cost of it, as to the existence of life. The principle of life is the true and real test of value. Mr. Dun has alluded to the fact of the oak tree being self-sown, growing and becoming ultimately an article of value, without any labour being expended on it; but the life was there; life is going on collecting the elements out of which that tree is composed, and thus becomes the real source of the value which is attached to it; and so with regard to living beings; it is the life principle in them which enables them to labour and produce for themselves all articles of value. I think, in the present day, when we hear so many theories about the population question, we require to be reminded of the extreme commercial value of life in itself, whether it be vegetable or animal life, and especially the human life. Then, again, the cost of production, which is but another form of the labour theory, must be abandoned altogether. Mr. Dun has correctly inferred that the true definition of value is the equivalent of the article in some other recog-

nised standard. In this country the value of a thing is always expressed in pounds sterling, but when we come to the question of demand and supply, or as Mr. Dun puts it very lucidly, with regard to the demand and supply being really synonymous, only changing the place from which they come, and lays it down that the true value is the equation between the desire of one person to possess one article and the desire of another person to possess another article, I think there is a little left out of sight the effect which ordinary speculation has in fixing the value of articles for the time being. Throughout the whole of Mr. Dun's paper he has treated it as though the whole exchange of articles, or the normal exchange on which prices were founded, was real. Now, in this country it is not so. There are immense quantities of goods bought and sold which have no real existence. These which to a great extent regulate the value at the time have no real existence at all, so that the true value of an article is altered and changed by something beyond the desire to possess either the article itself or the money. Of course the true value of sugar to a grocer is what he can get for it, but he is obliged to give a price regulated not solely by the quantity of consumers, but arising from the expectation of what the price will be at some future period. The market is regulated very much by speculators, who think and act on the expectation that some other price will be touched at a future time, hence it is that any article is one day of apparently great value and the next day sinks low. We have had an illustration of that in the iron and cotton trades, and I think we must introduce that element of calculation. It is an unfortunate element to be introduced, but we all know the extent to which it prevails in our country. Take the instance of a new Company being brought out; whoever thinks in the present day very much of considering what is the real value of the property the Company has to acquire, or the trade it has to carry on? The value of the share arises from the expectations which certain individuals form of the amount which other people will be ready to pay for them in time. That is the value for the time being, and we have to take all these questions into consideration when we are comparing the value of one article at one time with another, or the value of the trade, or the position of the country at different periods of its history. It is these complications which really make us hesitate when we speak of political economy as a science. I endorse its value; it is worthy a place of the highest order, but so long as it is affected by such uncertain laws and lawless courses of action and principles as the mere fancies or desires or expectations of men, apart from the real wants or the real quantities of the articles to be dealt in,—so long as that is the case I am afraid we must consider it as a science which does not proceed upon a firm and standing basis. Political economy differs from the exact sciences. The astronomer, for instance, knows exactly the results he may expect. The chemist, again, proceeds

on exact laws, and under conditions produces certain results. The mistake with regard to the students of political economy is this—they lay down theories and pronounce laws which are supposed to be equal in value to those of the exact sciences, and hence they fall into errors which are of fatal importance with regard to the welfare of a country. Let us pursue this study with all the light we can bring to bear upon it; we have had this evening a most valuable contribution to our information on the subject.

Mr. JOHN B. MARTIN: I really feel unprepared to address the meeting on the question which Mr. Dun has in his very valuable paper stated at the outset to be abstruse, and which both the paper and the remarks of Mr. Stephen Bourne have abundantly shown to be so. I think, however, we are very much indebted to him for collating the opinions of all the eminent text-writers on the question of value. The subject is so extremely puzzling that in spite of Mr. Dun's Athanasian denunciations on those who fail to hold the right faith, one is almost tempted to speak of the law of value in the terms in which Bishop Pontoppidan spoke of snakes in Iceland. The bishop's chapter on snakes in Iceland is very brief: "There are no snakes in Iceland." Mr. Dun has described value as being rather of the nature of a phenomenon; now, we are accustomed to speak of physical phenomena as having no doubt their own laws, but to us the question "What are the laws of value?" is a most perplexing problem. Mr. Dun has at least demolished the labour theory of value, and he quotes Ricardo as giving an instance of the labour incurred by savages in killing beavers and deer respectively. Let us suppose that these two savages with an equal amount of labour had killed two deer, one of which weighed twice as much as the other, is there any society conceivable in which the deer would be sold for the same amount? Then as to demand and supply, we have a special category of articles definitely limited in quantity, such as pictures by first-rate artists, and so forth, not by any means to be multiplied. Now it is conceivable that an artist equal to Raphael might again arise; and it is very conceivable, I am afraid, that the amount of consols may increase, but there is a fixed definite amount of consols just as there is a fixed number of pictures by Raphael, and the supply will increase with the demand within all conceivable limits in either case. What happened the other day when consols were over 100? I believe the demand for powers of attorney for sale at the Bank of England was about double what it is at any ordinary time. I think, as Mr. Dun has said, we really must look upon supply and demand as the only measure of value. Then we have the speculative element, which Mr. Bourne had something to say about—we are "wrapped in a cloud of metaphysic fog" respecting the mental operations of A or B, the buyer and seller, and of C, D, E, and F, G, H, possible buyers and sellers, in the background.

There is also one point which I think has not been mentioned. It is Mill or Adam Smith who speaks of the element which comes into the reward of labour according to the agreeable or disagreeable nature of the employment, on which theory the hangman should be the best-paid person in the community; and so the hangman and scavenger would be much more highly paid than a perfumer or an R.A. on the hanging committee. I think there is one maxim given by Hudibras which is briefer than any I have heard, viz. :—

"The value of a thing  
Is just as much as it will bring,"

and I do not think that much can be said beyond that. Mr. Dun has given us a table of equations of the value of various articles, —coats, hats, gloves, &c., and has shown how they constantly vary, and we must acknowledge that is so. A hat may be worth a pound, or a pound worth a hat, but it is absurd to say that it shall always be so. Mr. Dun adds to his table an " $x$  = anything else." What is this  $x$ ? I think that an allusion in the paper enables me to do what Mr. Dun's delicacy did not allow him to do, viz., to refer to our friends the bimetallists, whom I regret that I do not see represented here to-night. I think he meant to say that it was impossible to estimate gold and silver in equal terms. We say that the price of gold is £3. 17s. 9d. per oz., but that is because we speak of gold in terms of gold; we cannot go beyond that and speak of gold and silver in absolutely identical terms. I think we may look on this paper as one more nail in the coffin of bimetallism, and if so it will have done good service.

Mr. A. STEVENSON: I cannot help thinking that Mr. Dun has been talking about one thing while Mr. Mill is speaking of another. The improvement in the value of land in Cheapside or Moorgate Street, for instance, is not a case in point, for the land was never produced for sale in the first case, and Mr. Mill expressly states that his theory of value only holds in things produced by capitalists for profit, and therefore the case quoted does not apply. Mr. Macleod, as quoted by Mr. Dun, says that if all variations in value be due to variations in labour, all things produced by the same amount of labour must be of equal value. It does not follow at all. And in all the cases quoted of Mill's conclusions, I think he is speaking of something else, for while Mr. Mill is speaking of what takes place and rules the value of the article in the *long run*, Mr. Dun speaks about what rules its value at any particular time, that is, its *market* value.

The CHAIRMAN: In asking you to accord a very hearty vote of thanks to Mr. Dun for the exceedingly able and valuable paper he has put before us to-night, I would only observe that we have been assisting, it seems to me, at the funeral of some very worthy and respected friends of our youth,—“the labour value,” “the



cost of production value," and the third value with the portentous number of epitaphs, "necessary," "permanent," "normal," "average," or "standard." These three friends of our youth seem to have been very ably buried by Mr. Dun to-night; and what has he put in their place? an exceedingly neat aphorism, which takes my fancy immensely, that value is the "equation between two demands." I could not attempt to venture an improvement upon that. "When *demand* meets *demand*," if I may put it in that way, "then comes the tug of war,"—or rather, then comes "*value*." I beg to move a very hearty vote of thanks to Mr. Dun.

Mr. W. MCKEAN briefly seconded the motion.

Mr. DUN: I have to thank you very heartily for the patience with which you have listened to me so long upon what is admittedly a very dry and very abstract subject. With regard to Mr. Bourne's very weighty and valuable remarks, I may say I coincide with him in almost everything he has said; but it seemed to me that when he asserted there were two values, he confused the "expression" of value, or what, by a certain figure of speech, is called the "value" of a thing, viz.—the actual equivalent for which it is exchanged, with the abstract idea of value. That abstract idea can, of course, find expression only in the actual equivalent which is given; but I think we can distinguish in our minds between the abstract idea and its concrete expression. There are many values, if you take merely the concrete expression; there are, in this sense, not one value only, but thousands and thousands of values of the same thing; but there is only one idea of value—one phenomenon of value, one abstract value. There are different phases of the same phenomenon, which are caused at one time by one variation of causes, and at another time by another variation, but still all are guided by one principle or law of value. With respect to speculation—I did not especially allude to that, but I did not omit it; for how does speculation operate? Speculation acts upon the desire; a man has a desire to possess a thing for speculative purposes, perhaps a more cogent and more intense desire than to possess it for the purpose of consumption. He expects to sell it at a profit, perhaps he actually sells it at a loss even before it reaches his hands, but still his expectations act on his desire, and therefore the operation of speculation on prices is included in the expression of desire. It is very difficult to cover all the ground in a paper of this kind, and it is of course quite impossible to do so in such a discussion as this. I think the one great distinction between Mr. Macleod's system, which I have practically adopted in my views, and the older systems as laid down, first of all by Adam Smith, and subsequently by Ricardo and Mill, and which was elaborated by Professor Cairnes, is a distinction of method. Mr. Macleod takes the human being prominently into consideration, with his wants and desires, whilst the older systems take the articles and their

relative quantities, without considering the human being's dealing with these quantities, and suppose there is a certain mechanical fitting in of these quantities demanded and supplied, which produces, in some mechanical way, value as a result. I think that you will admit that it will not do to leave on one side so important a factor in the case as the human being. Market-going man is not a machine, his desires are not constant quantities equal on each side of the equation, therefore neutralising one another, and so to be left clean out of the calculation without affecting the result. They are variable quantities, and their variations have much more to do with the determination of value than the actual numerical or quantitative proportions between mutually exchangeable articles.

The proceedings then terminated.

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## QUESTIONS ON POINTS OF PRACTICAL INTEREST.

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THE Council desire to express their readiness to receive, at all times, questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after the most careful deliberation, the Council have approved :—

**QUESTION I :—**A banker presents for payment a bill of exchange, drawn on demand, to the drawee, at his office in London. The drawee attaches his cheque to the bill in payment, but the banker declines to take it on the ground that it is drawn upon a non-clearing banker. Is it the custom of bankers in London to refuse such cheques in similar cases, and is a banker justified in such refusal ?

**ANSWER :—**It is not the practice of London bankers to give up bills of exchange, on presentation for payment, except against cash only ; but it is customary to receive payment by cheque on a *clearing* banker, provided such cheque be attached to the bill and both documents be passed through the Clearing House. Other cheques are not received, as in most cases they would not be encashed on the same day, and then, in event of dishonour, the banker would lose his recourse on the relative bill of exchange.

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QUESTION II. :—A cheque payable to Mr. J. Robinson, or order, endorsed “Emma Smith, executrix of the late J. Robinson.” Is a banker justified in paying on this endorsement?

ANSWER :—It is customary to pay cheques endorsed as stated, the endorsement purporting to be that of the legal representative of the payee.

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QUESTION III. :—Are there *any* circumstances that would justify a banker in returning a cheque payable to *bearer* with the answer “endorsement irregular”?

ANSWER :—A banker is bound to pay his customer's cheque “to bearer” on presentation, if he have sufficient funds, without reference to any endorsements thereon.

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QUESTION IV. :—Must a cheque be regular, as to endorsement, &c., before an answer is given as to the sufficiency of funds to meet it, or would a banker be right in giving a double answer to such a cheque—*e.g.* “endorsement irregular and n/s”?

ANSWER :—An answer as to insufficiency of funds would generally be given to a cheque not fully provided for, without reference to any other irregularity in the document; but in case of such irregularity the banker would use his discretion as to what answer was given on refusal.

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QUESTION V. :—An account with a school is opened, the committee giving authority to one of their numbers to sign cheques. On the death of this one (no new arrangement being entered into) are the bankers justified in returning the cheques with the answer “drawer deceased”?

ANSWER :—If a cheque be signed in an official capacity it would not be refused by the banker, although the drawer had in the meantime died; if, however, merely signed individually, it would be refused with the answer “drawer deceased.”

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QUESTION VI. :—A. B. deposits with his bankers warrants for, say, 50 casks of brandy lying in a *public* warehouse. The warrants are transferred, by endorsement on the back, to the bank, and bear on the face the following: “This warrant must be presented regularly assigned by endorsement, and all charges must be paid before the delivery of the goods can take place,” also, “Deliver the above-mentioned goods to A. B. or assigns as by endorsement hereon.”

Is it necessary for the bank to give notice to the warehouse-keeper that certain warrants are assigned to the bank, and get such notice acknowledged by him in writing, or does the possession of the warrants, regularly assigned to the bank, secure to the bank the full control of the goods in the event of A. B. becoming a bankrupt, and his effects passing over to a trustee or receiver?

ANSWER :—In the above-mentioned case the bank has a perfect lien without notice. In the event of bankruptcy of the depositor, the trustee has an equity of redemption; and, failing to repay the amount advanced, the bank then has a right to deal with the warrants as it may think fit, the trustee being entitled to any surplus on realisation.

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### ABOLITION OF DAYS OF GRACE ON BILLS OF EXCHANGE.

Referring to the discussion on the abolition of "days of grace," at the General Meeting of this Institute, held on the 19th December, 1879, a report of which will be found on page 252 *et seq.* Part V., Vol. I., of the Journal, it is understood, that, from the first of the present month, a new law takes effect in Norway and Denmark, under which the *eight days of grace* on bills of exchange, hitherto customary in these countries, are abolished, and, in default of payment, protest must be made not later than two working days after maturity.

By this alteration, the law of Norway and Denmark is assimilated, on the point mentioned, to the law of France, Germany, Belgium, Holland, Italy and Sweden.

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## BANKRUPTCY REFORM.

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**ACTING** in conformity with the following Resolution passed at the Ordinary General Meeting of Members held on the 28th May :—

“That the Council be authorised to take such steps, either alone or in conjunction with other bodies, as they may deem advisable, to memorialise Parliament on the subject of Bankruptcy Reform, with the view of obtaining a thorough amendment of the Act of 1869”,

the Council prepared a Memorial to the Prime Minister, embodying those essential points which in their opinion should form the basis of any legislation on the subject.

In the course they have adopted the Council have not only carefully considered the whole subject as it has been brought out in the able papers and discussions which have appeared in the Journal, but have consulted others whose opinions carry weight, and have taken advantage of the reports and papers which have lately been published.

They are able now to announce the very gratifying result that the Memorial has been signed by every London Banker without exception, whether Private or Joint-Stock, as well as by several of the leading Mercantile Firms which are more or less engaged in banking transactions, by the principal Discount Houses, and also by the Foreign and Colonial Banks having offices in London.

The Memorial was communicated to Mr. Gladstone in a letter from the Secretary, and a copy of Mr. Gladstone's reply thereto is appended, from which it will be seen that the question of Bankruptcy Reform is under the careful consideration of the Government, who have already given directions for the preparation of a measure.

The Council have been in frequent communication with the Association of English Country Bankers, who, in accordance with a mutual arrangement, simultaneously presented a letter to Mr. Gladstone upon the same subject. A copy of this letter is also appended, and it will be observed that although the Memorial and the Letter differ some-

what in expression, they substantially agree in the main objects it is sought to attain.

Subsequently the Council received some important suggestions for the alteration and amendment of the present Law of Bankruptcy, which have recently been adopted by the Council of the Incorporated Law Society, the full text of which is given below.

These suggestions, which were in accordance with the general views of the Council, were carefully considered, and a series of suggestions, eighteen in number, harmonizing the points urged by the Bankers' Institute in their Memorial, with such of those suggested by the Incorporated Law Society and others, as the Council were prepared to adopt, were drawn up. These are also appended.

On the 15th December last, in compliance with an invitation from the President of the Board of Trade, a Deputation of the signatories to the Memorial, together with one representing the Country Bankers, waited upon the Lord Chancellor and Mr. Chamberlain. The deputations were introduced by the President, Sir John Lubbock, who based his observations on the Memorial and the suggestions of the Institute.

The interview was generally of a satisfactory character, and the Council trust that it will be found that the views which the Institute has maintained will have been incorporated in the measure which the Government is about to introduce.

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**MEMORIAL ON BANKRUPTCY LAW AMENDMENT, PREPARED BY  
THE INSTITUTE OF BANKERS.**

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*To the Right Honourable W. E. GLADSTONE, M.P., First Lord of the  
Treasury, &c., &c., &c.*

**THE MEMORIAL OF THE UNDERSIGNED BANKERS, MERCHANTS, AND  
DISCOUNT HOUSES OF LONDON**

SHEWETH, That your Memorialists, being, by the nature of their business, greatly interested in the Bankruptcy Laws, have learned with concern from the Report of the Comptroller in Bankruptcy for



## LIST OF SIGNATURES TO THE FOREGOING MEMORIAL.

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PRIVATE BANKS.

- |                                       |                               |
|---------------------------------------|-------------------------------|
| 1. Barclay, Bevan, Tritton and Co.    | 14. Goslings and Sharpe       |
| 2. Barnetts, Hoares and Co.           | 15. Herries, Farquhar and Co. |
| 3. W. and J. Biggerstaff              | 16. Hill and Sons             |
| 4. Bosanquet, Salt and Co.            | 17. Charles Hoare and Co.     |
| 5. Brooks and Co.                     | 18. Charles Hopkinson and Co. |
| 6. Brown, Janson and Co.              | 19. Lacy, Son and Hartland    |
| 7. Child and Co.                      | 20. Martin and Co.            |
| 8. Cocks, Biddulph and Co.            | 21. Praeds and Co.            |
| 9. Coutts and Co.                     | 22. Prescott and Co.          |
| 10. Dimsdale, Fowler, Barnard and Co. | 23. Ransom, Bouverie and Co.  |
| 11. Drummond and Co.                  | 24. Robarts, Lubbock and Co.  |
| 12. Fuller, Banbury and Co.           | 25. Samuel Scott and Co.      |
| 13. Glyn, Mills, Currie and Co.       | 26. Smith, Payne and Co.      |
|                                       | 27. Richard Twining and Co.   |
|                                       | 28. Williams, Deacon and Co.  |

## JOINT STOCK BANKS.

- |  |  |
|--|--|
| 1. Alliance Bank, Limited                  | 14. London and Westminster Bank, Limited         |
| 2. Bank of Scotland                        | 15. London and Yorkshire Bank, Limited           |
| 3. British Linen Co., Limited              | 16. Merchant Banking Co. of London, Limited      |
| 4. Capital and Counties Bank, Limited      | 17. Midland Banking Co., Limited                 |
| 5. Central Bank of London, Limited         | 18. National Bank                                |
| 6. City Bank, Limited                      | 19. National Bank of Scotland                    |
| 7. Clydesdale Banking Co.                  | 20. National Provincial Bank of England, Limited |
| 8. Consolidated Bank, Limited              | 21. Provincial Bank of Ireland                   |
| 9. Imperial Bank, Limited                  | 22. Royal Bank of Scotland                       |
| 10. London and County Banking Co., Limited | 23. Royal Exchange Bank, Limited                 |
| 11. London Joint Stock Bank                | 24. Union Bank of London                         |
| 12. London and Provincial Bank, Limited    | 25. Union Bank of Scotland                       |
| 13. London and South-Western Bank, Limited |  |



the year 1879, as also from his previous reports, the continuous increase in "liquidations by arrangement" and "compositions with creditors," as distinguished from bankruptcies proper, during the last ten years, that is to say, since the passing of the Bankruptcy Act of 1869.

Among many other details connected with the working of that Act which merit grave consideration, the Report discloses the fact that, whereas the Bankruptcies have decreased from 1,351 in 1869 to 1,156 in 1879, the Liquidations and Compositions have increased in the same period from 3,651 to 11,976; with total liabilities, in the two latter classes, amounting, for the year 1879 alone, to the enormous sum of £25,379,472.

The Report further states that in 1879, 93 per cent. of all insolvent estates were administered under the Act of 1869, so as to escape those provisions of the Act which refer to the Examination of the Debtor and of the Trustee's accounts, charges, and conduct.

The annual charges of insolvencies upon the commercial community is estimated in excess of twenty millions sterling; and the above-mentioned facts indicate the urgent necessity which exists for a change in the system producing such results.

Your Memorialists observe that the Select Committee upon the Bankruptcy Bills, in their Report, dated August 2nd, 1880, recognise, and, to some extent, provide against abuses in the administration of insolvent estates; but your Memorialists are strongly of opinion that under no system, whether of Bankruptcy, Liquidation, Composition, or otherwise, should a Debtor obtain his discharge without an opportunity being afforded to the Creditors (subject to the control of the Court), to examine the Debtor under oath concerning his affairs and conduct, as provided under the existing Scotch Act, sections 87 to 97. They are further strongly of opinion, that under no system should a debtor obtain his discharge except by an order of the Court, to be granted, qualified, or withheld in its discretion according to circumstances.

Your Memorialists refrain from indicating at the present time other important details, such as an effective audit of trustees' accounts, their securities, remuneration, and competency, or the question of valuation of security held by creditors.

They respectfully submit that, in the measure which they trust the Government will prepare for the ensuing Session of Parliament to amend the Bankruptcy Laws, the two points briefly alluded to, namely, the Examination on Oath of the Debtor and his affairs, and the Discharge of the Debtor by the Court alone, may find their due place among other reforms. And your Memorialists will ever pray, &c., &c., &c.

26th November, 1880.

## LIST OF SIGNATURES TO THE FOREGOING MEMORIAL.

## PRIVATE BANKS.

- |                                       |                               |
|---------------------------------------|-------------------------------|
| 1. Barclay, Bevan, Tritton and Co.    | 14. Goslings and Sharpe       |
| 2. Barnetts, Hoares and Co.           | 15. Herries, Farquhar and Co. |
| 3. W. and J. Biggerstaff              | 16. Hill and Sons             |
| 4. Bosanquet, Salt and Co.            | 17. Charles Hoare and Co.     |
| 5. Brooks and Co.                     | 18. Charles Hopkinson and Co. |
| 6. Brown, Janson and Co.              | 19. Lacy, Son and Hartland    |
| 7. Child and Co.                      | 20. Martin and Co.            |
| 8. Cocks, Biddulph and Co.            | 21. Praeds and Co.            |
| 9. Coutts and Co.                     | 22. Prescott and Co.          |
| 10. Dimsdale, Fowler, Barnard and Co. | 23. Ransom, Bouverie and Co.  |
| 11. Drummond and Co.                  | 24. Roberts, Lubbock and Co.  |
| 12. Fuller, Banbury and Co.           | 25. Samuel Scott and Co.      |
| 13. Glyn, Mills, Currie and Co.       | 26. Smith, Payne and Co.      |
|                                       | 27. Richard Twining and Co.   |
|                                       | 28. Williams, Deacon and Co.  |

## JOINT STOCK BANKS.

- |  |  |
|--|--|
| 1. Alliance Bank, Limited                  | 14. London and Westminster Bank, Limited         |
| 2. Bank of Scotland                        | 15. London and Yorkshire Bank, Limited           |
| 3. British Linen Co., Limited              | 16. Merchant Banking Co. of London, Limited      |
| 4. Capital and Counties Bank, Limited      | 17. Midland Banking Co., Limited                 |
| 5. Central Bank of London, Limited         | 18. National Bank                                |
| 6. City Bank, Limited                      | 19. National Bank of Scotland                    |
| 7. Clydesdale Banking Co.                  | 20. National Provincial Bank of England, Limited |
| 8. Consolidated Bank, Limited              | 21. Provincial Bank of Ireland                   |
| 9. Imperial Bank, Limited                  | 22. Royal Bank of Scotland                       |
| 10. London and County Banking Co., Limited | 23. Royal Exchange Bank, Limited                 |
| 11. London Joint Stock Bank                | 24. Union Bank of London                         |
| 12. London and Provincial Bank, Limited    | 25. Union Bank of Scotland                       |
| 13. London and South-Western Bank, Limited |  |

**MERCHANTS.**

- |                              |                                |
|------------------------------|--------------------------------|
| 1. Baring Brothers and Co.   | 9. Heath and Co.               |
| 2. Brown, Shipley and Co.    | 10. Fredk. Huth and Co.        |
| 3. Dent, Palmer and Co.      | 11. Mildred, Goyeneche and Co. |
| 4. Dennistoun, Cross and Co. | 12. J. S. Morgan and Co.       |
| 5. Samuel Dobree and Son     | 13. Morton, Rose and Co.       |
| 6. Fruhling and Goschen      | 14. J. Henry Schröder and Co.  |
| 7. Antony Gibbs and Co.      | 15. Stern Bros.                |
| 8. C. J. Hambro and Co.      |                                |

**DISCOUNT HOUSES.**

- |   |  |
|---|--|
| 1. Alexanders and Co.                       | 7. Hohler and Co.                        |
| 2. Brightwen and Co.                        | 8. National Discount Co., Limited        |
| 3. Roger Cunliffe, Sons and Co.             | 9. Reeves, Whitburn and Co.              |
| 4. General Credit and Discount Co., Limited | 10. United Discount Corporation, Limited |
| 5. Gillett Brothers and Co.                 |  |
| 6. Green, Tomkinson and Co.                 |  |

**COLONIAL AND FOREIGN BANKS.**

- |  |  |
|--|--|
| 1. Agra Bank, Limited                                    | 21. Hong Kong and Shanghai Banking Corporation     |
| 2. Anglo-Californian Bank, Limited [Limited.             | 22. Imperial Ottoman Bank                          |
| 3. Anglo-Egyptian Banking Co.,                           | 23. London Chartered Bank of Australia             |
| 4. Australian Joint Stock Bank                           | 24. London and Hanseatic Bank, Limited             |
| 5. Bank of Africa, Limited                               | 25. London and River Plate Bank, Limited           |
| 6. Bank of Australasia                                   | 26. London and San Francisco Bank, Limited         |
| 7. Bank of British Columbia                              | 27. Samuel Montagu and Co.                         |
| 8. Bank of British North America                         | 28. National Bank of Australasia                   |
| 9. Bank of Montreal                                      | 29. National Bank of India, Limited                |
| 10. Bank of New South Wales                              | 30. National Bank of New Zealand, Limited          |
| 11. Bank of New Zealand                                  | 31. New London and Brazilian Bank, Limited         |
| 12. Bank of South Australia                              | 32. Oriental Bank Corporation                      |
| 13. Bank of Victoria                                     | 33. Queensland National Bank, Limited              |
| 14. Chartered Bank of India, Australia and China         | 34. Russian Bank (for Foreign Trade)               |
| 15. Chartered Mercantile Bank of India, London and China | 35. Standard Bank of British South Africa, Limited |
| 16. Colonial Bank  | 36. Union Bank of Australia, Limited               |
| 17. Commercial Bank of Alexandria, Limited               |  |
| 18. Commercial Banking Co. of Sidney                     |  |
| 19. Delhi and London Bank, Limited                       |  |
| 20. English, Scottish and Australian Chartered Bank      |  |

**LETTER FROM MR. GLADSTONE IN REPLY TO THE FOREGOING  
MEMORIAL.**

10, DOWNING STREET, WHITEHALL,  
30th November, 1880.

SIR,

Mr. Gladstone has had before him the memorial in favour of Bankruptcy Law Amendment, which has been prepared by the Institute of Bankers and which has received the signatures of all the London bankers, of several leading mercantile firms and discount houses, and of the foreign and colonial banks having offices in London, and I am directed to acquaint you, for the information of the Memorialists, that the question of Bankruptcy Reform is under the careful consideration of Her Majesty's Government, who have already given directions for the preparation of a measure.

Should the Council of the Institute of Bankers desire to send Mr. Gladstone any further expression of their views on the subject at this stage, he will place it in the hands of the Lord Chancellor, to whom in the meantime he forwards your letter of the 26th inst., and its inclosure.

I am, Sir,

Your obedient servant,

E. W. HAMILTON.

The Secretary,  
The Institute of Bankers.

**LETTER ADDRESSED TO THE PRIME MINISTER BY THE PRESI-  
DENT OF THE ASSOCIATION OF ENGLISH COUNTRY BANKERS  
ON THE SUBJECT OF BANKRUPTCY REFORM.**

OLD BANK, LEEDS,  
29th November, 1880.

TO THE RIGHT HONOURABLE W. E. GLADSTONE,  
THE TREASURY, WHITEHALL.

SIR,

As President of the Country Bankers' Association I am requested by the committee respectfully to urge upon Her Majesty's Government the necessity for an immediate reform of the law of Bankruptcy.

The Committee has given the subject very careful consideration, and has consulted the various private and joint stock banks, both in the great mercantile centres and in the agricultural districts. As a result of this consideration and consultation, the committee has been authorised to bring to the special attention of Her Majesty's Government four points, which it is the general desire of the country bankers to have dealt with in future legislation.

These are :—

- 1.—That the Trustees in existing liquidations, as well as all such trustees in future, shall be compelled to pay all money collected by them to a separate banking account.
- 2.—That there shall be a proper audit of Trustees' accounts in liquidations, as well as in bankruptcies proper.
- 3.—That the discharge of the Debtor shall in *all cases* be subject to the ultimate decision of the Court, and that the discharge shall not be granted, or shall be granted only with such qualifications as the Court shall prescribe, in cases where less than 10s. in the £ is paid, unless the Debtor makes it clear :—
  - (a.) That he has kept proper books of account.
  - (b.) That there has been no reckless trading.
  - (c.) That there has been no extravagant private expenditure.
- 4.—That the Trustees of estates which have not paid 10s. in the £ shall publish their accounts in local newspapers.

A list of the banks supporting these recommendations accompanies this letter. It includes a very large majority of the most important of the joint stock as well as private banks.

There are other points to which the attention of the committee has been called by many banks. Among these may be mentioned :—

- 1.—The desirability of commencing all proceedings under the Bankruptcy Law, by a uniform procedure, viz., by a bankruptcy petition.
- 2.—The undesirability of reintroducing composition deeds.
- 3.—The desirability of appointing a receiver to protect the debtor's estate immediately after the presentation of a petition—such receiver being nominated by the Court or by a few of the principal creditors, and in no case by the debtor himself.
- 4.—The desirability of assimilating the law with regard to the valuation of securities, for purposes and proof, to the Scotch law on the subject.
- 5.—The existing abuses of the system of proxies.
- 6.—The more stringent punishment of fraudulent or reckless trading.

I am requested respectfully to ask whether it will be convenient to you to receive a deputation from the Committee upon the subject ; now

if your engagements make this impossible, I may perhaps ask you to be good enough to refer this memorial to the member of her Majesty's Government, who will have special charge of the measure, with a request that he will receive a deputation.

The committee finds that the subject has been independently receiving the attention of Bankers and others in the Metropolis, and a copy of their Memorial has been before the Committee. The recommendations which it contains are, in substance, the same as those now submitted, and it has been suggested to the committee, under these circumstances, that the deputation should be a joint one, including both the London and the Country bankers.

I have the honour to be

Sir,

Your most obedient servant,

WM. BECKETT DENISON,

*President.*

**LIST OF BANKS SUPPORTING THE FOREGOING RECOMMENDATIONS FOR REFORM IN THE LAW OF BANKRUPTCY URGED BY THE COMMITTEE OF THE COUNTRY BANKERS' ASSOCIATION.**

**PRIVATE BANKS.**

Alexanders, Birkbeck and Co.	...	...	Ipswich.
Backhouse, J., & Co.	...	...	Darlington.
Bacon, Cobbold, Rodwell and Co.	...	...	Ipswich.
Bagley, Williams and Co.	...	...	Leeds.
Barnard (Thomas) and Co.	...	...	Bedford.
Bartlett and Parrott	...	...	Buckingham.
Bassett, Son, and Harris	...	...	Leighton Buzzard.
Batten, Carne and Carne	...	...	Penzance.
Beckett and Co.	...	...	Beverley.
Beeching and Co.	...	...	Tonbridge.
Benas (L.) and Son.	...	...	Liverpool.
Berwick and Co.	...	...	Worcester.
Brown (Wm. Williams) & Co.	...	...	Leeds.
Burton, Lloyd and Co.	...	...	Shrewsbury.
Butcher (Thomas) and Sons	...	...	Tring.
Clymo, Treffry and Co.	...	...	Liskeard.
Cobb and Co.	...	...	Margate.
Cobb, Bartlett and Co.	...	...	Aylesbury.

Coode, Shilson and Co. ...	...	...	St. Austell.
Coryton's Exchange Bank	...	...	Manchester.
Croxon, Jones and Co. ...	...	...	Oswestry.
Curteis, Pomfret and Co.	...	...	Rye, Sussex.
Davies, Banks and Co. ...	...	...	Kington.
Dickinson (Joseph)	...	...	Alston.
Dingley and Co.	...	...	Launceston.
Downes and Co.	...	...	Nantwich.
Dunsford and Co.	...	...	Tiverton.
Eaton, Cayley and Co. ...	...	...	Stamford.
Eliot, Pearce and Co.	...	...	Weymouth.
Fordham and Co.	...	...	Royston.
Foster, Messrs.	...	...	Cambridge.
Fox Brothers, Fowler and Co.	...	...	Wellington.
Garfit, Claypon and Co.	...	...	Boston.
Gibson, Tuke and Gibson	...	...	Saffron Walden.
Gill, Morshead and Co.	...	...	Tavistock.
Gillett (J. C. and A.) and Co.	...	...	Banbury.
Gilletts and Clinch	...	...	Witney.
Gilletts and Clinch	...	...	Oxford.
Godfrey and Riddell	...	...	Newark-on-Trent.
Goode, Marr and Co.	...	...	Birmingham.
Greenway, Smith and Co.	...	...	Warwick.
Gurneys, Birkbecks and Co.	...	...	Norwich.
Gurney, Birkbeck and Co.	...	...	Wisbeach.
Gurneys, Birkbeck and Co.	...	...	Yarmouth.
Hammond and Co.	...	...	Canterbury.
Hancock (Wm.)	...	...	Wiveliscombe.
Handley, Peacock and Co.	...	...	Newark.
Harris, Bulteel and Co. ...	...	...	Plymouth.
Hart, Fellows and Co. ...	...	...	Nottingham.
Harwood, Hatcher and Co.	...	...	Thornbury.
Haydon and Smallpiece...	...	...	Guildford.
Henty and Co.	...	...	Worthing.
Hilton and Rigden	...	...	Faversham.
Hodgkin, Barnett and Co.	...	...	Newcastle-on-Tyne.
Hull, Smith and Co.	...	...	Uxbridge.
Jarvis and Jarvis	...	...	Lynn (King's).
Jones and Co....	...	...	Llandovery.
Knight (James) and Sons	...	...	Farnham.

Lacons, Youell and Co....	...	...	Yarmouth.
Lambton and Co. ...	...	...	Newcastle-on-Tyne.
Leatham, Tew and Co. ...	...	...	Wakefield.
Leyland and Bullins ...	...	...	Liverpool.
Lomas, Jackson and Co. ...	...	...	Manchester.
Mackie, Davidson and Co. ...	...	...	Carlisle.
Maddison, Atherly and Co. ...	...	...	Southampton.
Marshall and Harding ...	...	...	Barnstaple.
Mellersh and Co. ...	...	...	Godalming.
Miles, Cave, Baillie and Co. ...	...	...	Bristol.
Milford, Snow and Co. ...	...	...	Exeter.
Molineaux and Co. ...	...	...	Lewes.
Peacock, Handley and Co. ...	...	...	Sleaford.
Pease and Sons ...	...	...	Hull.
Pomfret, Burra and Co....	...	...	Ashford.
Prescott and Co. ...	...	...	London.
Pugh, Jones and Co. ...	...	...	Pwllheli.
Richards and Co. ...	...	...	Llangollen.
Roper and Priestman ...	...	...	Richmond (Yorks.
Round, Green and Co. ...	...	...	Colchester.
Royds (Clement) and Co. ...	...	...	Rochdale.
St. Barbe and Co. ...	...	...	Lymington.
Sanders and Co. ...	...	...	Exeter.
Sewell and Nephew ...	...	...	Manchester.
Sharples, Tuke and Co. ...	...	...	Hitchin.
Simonds (J. and C.) and Co. ...	...	...	Reading.
Simpson, Chapman and Co. ...	...	...	Whitby.
Smith, Ellison and Co. ...	...	...	Lincoln.
Smith Brothers and Co....	...	...	Hull.
Smith, Marten and Co. ...	...	...	St. Albans.
Smith (Samuel) and Co....	...	...	Derby.
Smith (Samuel) and Co....	...	...	Nottingham.
Sparrow, Tufnell and Co. ...	...	...	Chelmsford.
Stephens, Blandy and Co. ...	...	...	Reading.
Tugwell, Brymer and Co. ...	...	...	Bath.
Veasey, Desborough and Co. ...	...	...	Huntingdon.
Vivian, Kitson and Kitsons ...	...	...	Torquay.
Wakefield, Crewdson and Co. ...	...	...	Kendal.
Watts and Co. ...	...	...	Teignmouth.
Webb and Co. ...	...	...	Ledbury.



Wheeler (Thomas) and Co.	...	...	High Wycombe.
Williams, Thornton and Co.	...	...	Dorchester.
Williams and Co.	...	...	Chester.
Williams, Williams and Grills	...	...	Falmouth.
Willyams, Treffry, West and Co.	...	...	St. Austell.
Willyams, Willyams and Co.	...	...	Truro.
Woodall, Hebden and Co.	...	...	Scarborough.
Woods and Co.	...	...	Newcastle-on-Tyne.
Wootten and Co.	...	...	Oxford.
Wright (I. and I. C.) and Co.	...	...	Nottingham.
Yates (E. W.) and Co.	...	...	Liverpool.

## JOINT STOCK BANKS.

Adelphi Bank, Limited	...	...	Liverpool
Bank of Liverpool	...	...	Liverpool.
Bank of Westmoreland	...	...	Kendal.
Bank of Whitehaven, Limited	...	...	Whitehaven.
Barnsley Banking Co.	...	...	Barnsley.
Birmingham and Midland Bank, Limited	...	...	Birmingham.
Birmingham Joint Stock Bank, Limited	...	...	"
Birmingham, Dudley and District Banking Co.	...	...	"
Bradford Banking Company, Limited	...	...	Bradford (Yorks).
Bradford Commercial Banking Co., Limited	...	...	" "
Bradford District Bank, Limited	...	...	" "
Bradford Old Bank, Limited	...	...	" "
Bristol and West of England Bank, Limited	...	...	Bristol.
Bucks and Oxon Union Bank, Limited	...	...	Buckingham.
Burton, Uttoxeter, and Ashbourn Union Bank, Limited	...	...	Burton-on-Trent.
Bury Banking Co., Limited	...	...	Bury (Lancashire)
Capital and Counties Bank, Limited	...	...	London.
Carlisle and Cumberland Banking Co., Limited	...	...	Carlisle.
Carlisle City and District Bank, Limited	...	...	"
Cornish Bank, Limited	...	...	Truro.
County of Gloucester Bank, Limited	...	...	Cheltenham.
County of Stafford Bank	...	...	Wolverhampton.
Crompton and Evans' Union Bank, Limited	...	...	Derby.
Cumberland Union Banking Co., Limited	...	...	Carlisle.
Darlington District Banking Co.	...	...	Darlington.
Derby and Derbyshire Banking Co., Limited	...	...	Derby.
Derby Commercial Bank, Limited	...	...	"

Glamorganshire Banking Co.	...	...	Swansea.
Gloucestershire Banking Co.	...	...	Gloucester.
Halifax Commercial Banking Co., Limited	...	...	Halifax.
Halifax Joint Stock Banking Co., Limited	...	...	"
Huddersfield Banking Co.	...	...	Huddersfield.
Hull Banking Co., Limited	...	...	Hull.
Knaresborough and Claro Banking Co.	...	...	Knaresboro'.
Lancashire and Yorkshire Bank, Limited	...	...	Manchester.
Lancaster Banking Co.	...	...	Lancaster.
Leamington Priors and Warwickshire Bank, Limited	...	...	Leamington.
Leicestershire Banking Co., Limited	...	...	Leicester.
Lincoln and Lindsey Banking Co., Limited	...	...	Lincoln.
Liverpool Commercial Banking Co., Limited	...	...	Liverpool.
Liverpool Union Bank	...	...	Liverpool.
Lloyd's Banking Co., Limited	...	...	Birmingham.
London and County Banking Co., Limited	...	...	London.
London and Provincial Bank, Limited	...	...	"
London and Yorkshire Bank, Limited	...	...	"
Manchester and County Bank, Limited	...	...	Manchester.
Manchester and Liverpool District Banking Co., Limited	...	...	"
Manchester and Salford Bank	...	...	"
Manchester Joint Stock Bank, Limited	...	...	"
Midland Banking Co., Limited	...	...	London.
Moore and Robinson's Nottinghamshire Bank- ing Co., Limited	...	...	Nottingham.
National Provincial Bank of England, Limited	...	...	London.
North-Eastern Banking Co., Limited	...	...	Newcastle-on-Tyne.
North and South Wales Bank, Limited	...	...	Liverpool.
North-Western Bank, Limited	...	...	"
Northamptonshire Banking Co., Limited	...	...	Northampton.
Northamptonshire Union Bank, Limited	...	...	"
Nottingham and Notts Banking Co.	...	...	Nottingham.
Nottingham Joint Stock Bank, Limited	...	...	"
Pare's Leicestershire Banking Co., Limited	...	...	Leicester.
Parr's Banking Co., Limited	...	...	Warrington.
Preston Banking Co.	...	...	Preston.
Rochdale Joint Stock Bank, Limited	...	...	Rochdale.
Sheffield Banking Co., Limited	...	...	Sheffield.
Sheffield and Hallamshire Bank	...	...	"

Sheffield and Rotherham Joint Stock Banking			
Co., Limited	...	...	Sheffield.
Sheffield Union Banking Co.	...	...	"
Southport and West Lancashire Banking Co.,	...	...	Southport.
Limited	...	...	
Stamford, Spalding and Boston Banking Co.,	...	...	Stamford.
Limited	...	...	
Stuckey's Banking Co.	...	...	Langport.
Swaledale and Wensleydale Banking Co.	...	...	Richmond (Yorks).
Swansea Bank, Limited...	...	...	Swansea.
Union Bank of Manchester, Limited	...	...	Manchester.
Wakefield and Barnsley Union Bank	...	...	Wakefield.
Whitehaven Joint Stock Bank	...	...	Whitehaven.
Wilts and Dorset Banking Co.	...	...	Salisbury.
Worcester City and County Banking Co.	...	...	Worcester.
Limited	...	...	
York City and County Bank	...	...	York.
York Union Banking Co.	...	...	"
Yorkshire Banking Co., Limited	...	...	Leeds.

**SUGGESTIONS OF THE COUNCIL OF THE INCORPORATED LAW SOCIETY AS TO THE PRESENT LAW OF BANKRUPTCY, AND ON THE ALTERATIONS AND AMENDMENTS WHICH SHOULD BE MADE THEREIN.**

*Adopted by the Council of the Incorporated Law Society, November 26th, 1880.*

1. It is desirable that when a person becomes insolvent, there should be one uniform mode of proceeding—viz, by Bankruptcy.

2. Proceedings in Bankruptcy ought to be commenced by a debtor by petition, accompanied by an account of his assets and debts, verified by affidavit; or by a creditor by petition, with proof of debt, and that the debtor has failed to pay the same within 14 days after demand, or has committed some other act of bankruptcy; and the filing of any such petition shall be a stay of all proceedings against the debtor unless and until the Court shall otherwise direct.

3. On a debtor being declared bankrupt, or previously, after petition, if the Court shall so order, his estate ought at once to be taken possession of by a receiver appointed by the Court, until the appointment of a trustee.

4. Trustees ought to give security in all cases, whether or not this be required by the creditors, but the Court should have power to regulate the amount of the security, or to dispense with it altogether.

5. Such remuneration only ought to be paid to trustees as is allowed by general or particular order of the Court.

6. Trustees ought to render accounts to a proper officer of the Court of Bankruptcy, and pay their balances into Court, as now done by receivers in Chancery, under a penalty for neglect.

7. Any creditor ought to be able at his own expense, by leave of the Court, to summon the bankrupt before the Court, and to examine him, as to his assets, debts, and dealings, and also to examine his books and accounts.

8. Holders of bills of exchange, drawn or indorsed by the bankrupt, ought to be treated, for the purpose of voting, as secured creditors.

9. A bankrupt should remain liable for his debts until the Court of Bankruptcy, after hearing the creditors in open court, has given a discharge. Such discharge not to be granted unless a dividend of at least 5s. in the pound has been declared, or unless it is proved to the satisfaction of the Court that the bankruptcy has been occasioned by misfortune or accident; and such discharge not in any case to be granted if the Court shall find that the bankrupt has been guilty of over trading, or reckless speculation, or of conduct of a fraudulent character, or that he has not kept proper books, or has not made a complete surrender of his estate, or has not given full information relating thereto.

10. The 125th and 126th Sections of the Bankruptcy Act, 1869, as to liquidation by arrangement and composition, should be repealed, and all such arrangements ought to have the sanction of the Court of Bankruptcy, after full disclosure and examination of the bankrupt.

11. As in the Probate and Divorce Courts, a Judge ought to be appointed to give his whole time to bankruptcy, and the hearing of all important matters and appeals from the Registrars and County Courts Judges; and the Court of Bankruptcy ought to form a division of the High Court of Justice.

12. In country cases, applications for discharge, and for allowance of arrangement, composition, or liquidation, at all events, and any other proceedings, if required by a creditor, should be heard by the County Court Judge himself.

13. Subject to the foregoing resolutions and to modifications of some details, legislation in accordance with the report of the Select Committee of the House of Commons appointed in the last Session of Parliament is desirable."

**SUGGESTIONS OF THE COUNCIL OF THE INSTITUTE OF BANKERS  
AS TO BANKRUPTCY LAW REFORM.**

*Harmonizing the Points urged by the Bankers' Institute with such of those suggested by the Incorporated Law Society and others as the Council are prepared to adopt.*

1. It is desirable that when a person becomes insolvent, there should be one uniform mode of commencing proceedings—viz., by bankruptcy.
2. Proceedings in bankruptcy ought to be commenced by a debtor by petition, followed by an immediate adjudication; or by a creditor by petition, with proof of debt, and that the debtor has failed to pay the same within 14 days after demand, or has committed some other act of bankruptcy; and the filing of any such petition should be a stay of all proceedings against the debtor without any formal application to that effect, unless and until the Court shall otherwise direct. Immediately after the filing of a petition by a debtor, or the adjudication on a creditor's petition, the debtor should be required to file in Court a list of his creditors, with the amount of their debts verified by affidavit; but the absence of such a list should not delay the proceedings.
3. On a debtor being declared bankrupt, or previously, after petition, if the Court shall so order, his estate ought at once to be taken possession of by an independent receiver, until the appointment of a trustee.
4. Trustees should be appointed by the creditors for a certain fixed period, but should be eligible for re-election.
5. Trustees ought to give security in all cases, subject to the approval of the Court, and whether required by the creditors or not.
6. The remuneration paid to the trustee should be principally determined in relation to the amount of dividends distributed among the creditors, i.e., by a commission, to be fixed by the creditors subject to review by the Court.
7. Trustees, in all cases, ought to be subject to the control of,

and required to render accounts to, the Comptroller in Bankruptcy, and the funds of the estate ought to be paid into a special banking account, under a penalty for neglect. The trustee's accounts ought to be made up at short fixed intervals, should be communicated to, or facilities granted for their inspection by, the creditors, and should be subject to an effective audit.

8. Every debtor ought as soon as possible after adjudication to be examined in Court upon oath as to his affairs and the causes which have led to his insolvency; and in such examination, any creditor should, subject to the control of the Court, be entitled to participate. Facilities ought also to be granted to every creditor for inspection of the debtor's books and accounts.

9. Partially-secured creditors ought to be entitled to participate in dividends and in the control of the proceedings for the unsecured portion of their debts, in accordance with the equitable system adopted under the Scotch Bankruptcy Act, and without being subjected to the penal consequences entailed upon them under the existing Rules of Court.

10. A bankrupt should remain liable for his debts until the Court of Bankruptcy, after hearing the creditors in open court, has given a discharge. Such discharge not to be granted or only to be granted subject to such conditions as the Court may impose with regard to his future property, if the Court shall find that the bankrupt has been guilty of over trading, or reckless speculation, or of conduct of a fraudulent character, or that he has not kept proper books, or has not made a complete surrender of his estate, or has not given full information relating thereto.

11. The 125th and 126th Sections of the Bankruptcy Act, 1869, as to liquidation by arrangement and composition, should be repealed, and all such arrangements ought to have the sanction of the Court of Bankruptcy, as being reasonable and in the interest of the creditors generally, after full disclosure and examination of the bankrupt, the 28th Section relating to compositions being amended in accordance with the same principle.

12. The power of the Court to make rules should be limited to technical details of procedure, and should not include the power of introducing new principles or modifying the provisions of the Act of Parliament, as at present.

13. The debtor's estate ought to be placed under the direct control of the creditors within as short a period as is consistent with the necessary formalities to be observed in calling them together.

14. Proofs of debt should [before a creditor is allowed to vote] be accompanied by the accounts and vouchers necessary to *prove* the same, as under the Scotch Act.

15. No person should be capable of being a trustee who holds an interest opposed to that of the general body of creditors, and a trustee or member of committee should be capable of removal by the same majority of creditors as that which appointed him.

16. The bills of solicitors and other agents employed by the trustee ought to be rendered at short and stated intervals, and ought to be taxed by the Court before payment. They ought also to be limited to strictly professional business, and should not include charges for work which ought to be done by the trustee. It should be made a criminal offence for any solicitor or other agent to share any portion of his remuneration with the debtor or the trustee.

17. The use of proxies should be limited either to a specific purpose at a particular meeting, or to persons in the regular employment of the creditor in his business, and proxies should only be used for the appointment of a trustee when the name of the person to be appointed is inserted in the proxy.

18. A certain number of the creditors may, at any time, be empowered to call upon the trustee to summon a meeting.

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## LEGAL DECISIONS AFFECTING BILLS OF EXCHANGE.

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As the undermentioned case, affecting the law of bills of exchange, in which judgment was delivered in the Court of Appeal on the 15th of June, 1880, is of considerable importance, it has been thought desirable to give the following full reprint of the same from the "Law Reports."

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BISHOP v. FOX, WALKER AND CO.

*Proof in Bankruptcy—Principal and Surety—Compulsory or Voluntary Payment by Surety—Guarantie of Bill of Exchange—Payments by Guarantor to Holder—Interest—Practice—Appeal—Time—Notice by Respondent—Rules of Court, 1875, Order LVIII., rr. 6, 9, 15.*

It being proved to be the common and almost invariable practice of bill brokers in the city of London, not to indorse each bill of exchange which they have discounted for a customer when they re-discount it with their bankers, but to give to the bankers a general guarantie for all bills which they re-discount with them:—

*Held*, that when an accommodation bill is drawn and accepted for the purpose of raising money for the drawer and the acceptor, the drawer in discounting the bill with bill brokers in the city of London has an implied authority from the acceptor to deal with them in the ordinary course of their business, and, consequently, that the bill brokers have an implied authority from the acceptor to make themselves liable on the bill under their guarantie to their bankers, and are, in the event of the bankruptcy of the acceptor, entitled to prove against his estate for what they have paid to the bankers in respect of the bill under their guarantie:

*Held*, also, that the bill brokers are entitled to prove against the estate of the acceptor for interest upon the amount which they have paid under their guarantie.

*Petrs v. Duncombe* (1) and *Hitchman v. Stewart* (2) approved and followed.

A notice given by the respondent to an appeal under rule 6 of Order LVIII. of the Rules of Court, 1875, need not be given within the time limited by Rule 15.

In January, 1875, Messrs. *Fothergill & Hankey*, who carried on business as the *Aberdare Iron Company* and the *Plymouth Iron Company*, drew some bills of exchange, for sums amounting in the whole to £19,958. 7s. 10d., upon Messrs. *Fox, Walker & Co.* of Bristol,

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(1) 2 Lown. Max. & Poll. Pr. Cas. 107.

(2) 3 Drew. 271.



which the latter firm accepted. In the same month *Fothergill & Hankey* drew another bill for £2,542. 18s. 6d. on *Fox, Walker & Co.*, which they also accepted. All the eight bills were to become due in July, 1875. The bills were all accepted for the accommodation of the drawers, except that the acceptors were to receive £5,000, part of the proceeds thereof, and they in fact received that sum. *Fothergill & Hankey* indorsed the first seven bills to Messrs. *Sanderson & Co.*, bill brokers, in the city of *London*, who discounted the bills for them. The eighth bill was discounted by Messrs. *Glyn & Co.*, bankers in the city of *London*, to whom it was indorsed by *Fothergill & Hankey*. *Sanderson & Co.* rediscounted the seven bills with the *London and Westminster Bank*. They did not indorse the bills to the bank, but they had on the 11th of April, 1871, given a guarantie to the bank as follows:—

“In consideration of your discounting for us any bills you may approve and think fit from time to time, we hereby guarantee the due payment of them as they respectively fall due.”

When the bills were discounted by *Sanderson & Co.*, *Fox, Walker & Co.*, were not in fact aware of the existence of this guarantie.

Mr. *Henry Smith*, the sub-manager of the bank, made an affidavit in which he said, “It is the well-known and almost invariable custom for bankers in *London* on receiving bills for discount from bill discounters and brokers to take from them letters of guarantie” similar to that given by *Sanderson & Co.* to the bank in this case, “the intention and effect of such letters of guarantie being to render the bill brokers responsible for the bills discounted for them in every respect as if they had separately indorsed such bills, and thus to obviate the necessity for the separate indorsement of each bill, which in practice, if not absolutely impossible, would be productive of great inconvenience and trouble in view of the thousands of bills which are daily discounted.”

On the 31st of May, 1875, *Fothergill & Hankey* suspended payment, and in consequence of their suspension *Sanderson & Co.* also suspended payment on the same day. *Fox, Walker & Co.* failed to pay the bills when they became due. *Fothergill & Hankey*, on the 5th of June, 1875, filed a liquidation petition, under which a trustee of their property was appointed on the 15th September, 1875. A scheme for the settlement of their affairs was afterwards sanctioned by their creditors, and approved of by the Court of Bankruptcy, under the provisions of sect. 28 of the *Bankruptcy Act*, 1869. This scheme provided (*inter alia*) that the whole of the joint assets of *Fothergill & Hankey* (except such as were specified in a schedule) should be made over to a company called the *Aberdare and Plymouth Iron Company, Limited*, and that the company should issue to each of the joint creditors of *Fothergill & Hankey* B debentures of the company for the amount for which each creditor should prove in the liquidation, and that the liquidator should apply the

property specified in the schedule (after the discharge of certain prior payments) in payment of dividends to creditors on account of the B debentures. The *London and Westminster Bank* and *Glyn & Co.* had proved in the liquidation of *Fothergill & Hankey* upon the bills, and were entitled to B debentures of the company for the amount of the bills.

On the 28th of December, 1875, *Sanderson & Co.*, with the consent of their creditors, executed a deed whereby they conveyed and assigned all their partnership property and assets to *William Turquand*, on trust for sale, and collection and distribution of the net proceeds among their creditors in the manner therein mentioned. Under this deed *Turquand* paid to the *London and Westminster Bank* three dividends, amounting in the whole to £3,575. 17s. 2d., in respect of the seven bills of which they were the holders, the three payments being made on the 31st of December, 1875, the 2nd of June, 1876, and the 19th of July, 1876.

Prior to the 3rd of March, 1876, *Fox, Walker & Co.* had paid to the *London and Westminster Bank* and to *Glyn & Co.* (in respect of the seven bills held by the bank and the one bill held by *Glyn & Co.*, and in proportion to the amounts of the bills held by the bank and *Glyn & Co.* respectively) the sum of £5,625. 5s. 9d. On the 3rd of March, 1876, a deed was executed between *Fox, Walker & Co.* of the first part, the bank of the second part, and *Glyn & Co.* of the third part, which contained a recital that the bank and *Glyn & Co.* had agreed to accept the security thereafter expressed in discharge of £16,876. 0s. 7d., the remainder of the sum of £22,501. 6s. 4d. (the amount of the eight bills). And *Fox, Walker & Co.* covenanted with the bank and *Glyn & Co.* that they would pay to them the sum of £16,876. 0s. 7d., or such portion thereof as should not be discharged under the provisions of the following clauses by half-yearly instalments (in proportion to the amount of bills held by the bank and *Glyn & Co.* respectively) of not less than £2,000 each, on the 1st of May and the 1st of November in each year, commencing on the 1st of May, 1876, and should give their promissory notes in respect of each instalment.

The deed contained (*inter alia*) the following clauses :—

(3.) "All dividends and sums of money which any of the parties hereto may be entitled to receive in respect or on account of the said sum of £22,501. 6s. 4d., or any portion thereof, from the estate of the drawers of the said bills, or any person other than *Fox, Walker & Co.*, shall be applied in reduction of the sum for the time being remaining unpaid."

Clause 4 provided that all debentures or other securities of the *Aberdare and Plymouth Company* issued in respect or on account of the £22,501. 6s. 4d. should be forthwith handed to and retained by the bank as security for the payment of any portion thereof for the time being remaining unpaid, with power for the bank, with the

concurrence of *Glyn & Co.*, at any time to sell and realise the same or any part thereof from time to time at discretion, and to apply the proceeds in reduction of the £22,501. 6s. 4d.

By clause 6, as a further security for the payment of the said sum, *Fox, Walker & Co.* granted and assigned to the bank the lands, buildings and hereditaments comprised in a lease granted to them in March, 1864, for 99 years, and the entire undertaking or works known as the *Atlas Engine Works* of whatever tenure, and all the fixed and moveable plant, engines, and machinery thereunto belonging, tools, iron, coal, goods, utensils, articles, and things which then were or at any time during the continuance of the security should be in, on, or about the works and premises, and belong to *Fox, Walker & Co.*, to hold the same to the bank for all the estate and interest of *Fox, Walker & Co.* therein (except as to any leasehold portion the last day of the term therein), with power for the bank, with the concurrence of *Glyn & Co.*, at any time after default in payment of any half-yearly instalment, to take possession of the premises thereby granted and assigned, and to let, sell, realize, or otherwise deal with the same or any portion thereof without notice, in all respects as if the bank were the absolute owners thereof, and to exercise any of the powers conferred on mortgagees by the Act 23 & 24 Vict. c. 145.

Clause 8. "These presents and the security hereby given shall operate and enure for the benefit of the bank and *Glyn & Co.* proportionately to the amount of the bills held by them respectively."

Clause 9. "Nothing herein contained nor the receipt or acceptance by the bank or *Glyn & Co.* of any sum of money or security under these presents shall release or discharge the drawers or any other person liable in respect of the said bills or any of them, or in any manner prejudice or affect any claims, rights, or remedies, which the bank or *Glyn & Co.* now have, or but for these presents would or could have against any such persons, nor any security held in respect thereof, and the same claims, rights, remedies, and securities, shall be and remain as absolutely inviolable and intact as if these presents had not been executed."

This deed was prepared in September, 1875, but it was not executed until March, 1876. In the interval between its preparation and execution the bank had received the first dividend under *Sanderson & Co.*'s deed of assignment. The omission of any reference in the deed of the 3rd of March, 1876, to this payment was apparently accounted for by the payment not having been made at the time when the deed was prepared. The promissory notes were given by *Fox, Walker & Co.* to the bank and to *Glyn & Co.* in accordance with the provisions of the deed, and the first note was paid when it became due. The others were not paid.

On the 11th of December, 1878, the bank commenced an action in the Queen's Bench Division against *Fox, Walker & Co.* The

indorsement on the writ stated that the plaintiffs claimed against the defendants as acceptors of the seven bills of exchange drawn by *Fothergill & Hankey*, and the claim was for "Balance of principle due £7,123. 6s. 5d. Interest to date of writ £1,804. 12s. 3d.," making a total of £8,927. 18s. 8d. On the 13th of December, 1878, *Fox, Walker & Co.* filed a liquidation petition in the *Bristol County Court*. In the statement of their affairs which they produced to their creditors they mentioned among their liabilities—"London and Westminster Bank hold *Fox, Walker & Co.*'s acceptances of the *Aberdare Company's*" (i. e. *Fothergill and Hankey's*) "drafts" (mentioning the seven bills for £19,958. 7s. 10d.), "on which is now claimed £8,926. 19s. 2d." And they mentioned as another liability "*Sanderson & Co.* £4,089. 12s. 4d. for dividends paid by them on *Fox, Walker & Co.*'s acceptances of the *Aberdare Company's* drafts held by *London and Westminster Bank*, together with interest thereon."

The proceedings in the action were restrained by an injunction granted by the county court. The bank claimed to prove in the liquidation in respect of the seven bills, as did also *Glyn & Co.* in respect of the eighth bill. Negotiations were entered into by the trustees of *Fox, Walker & Co.* for the compromise of these claims, and ultimately a compromise was agreed upon, which was sanctioned by an order of the county court, dated the 18th of April, 1879, whereby it was ordered that the trustees should be at liberty to pay to the bank and *Glyn & Co.* "the sum of £2,000 in satisfaction of their claims upon the leasehold property, plant and machinery, and other effects of the said debtors or otherwise against the estate of the said debtors, and as a consideration for the transfer of the rights of the bank and *Glyn & Co.* upon such bills of exchange bearing the names of the said debtors as are held by the bank and *Glyn & Co.*" under the circumstances set forth in an affidavit of *Henry Bishop*, one of the trustees. *Turquand* was not in any way a party to this compromise. The £2,000 was, on the 24th of April, 1879, paid by the trustees to the solicitors who were acting for the bank and *Glyn & Co.*, and on the payment being made there were handed over to the trustees the lease of the debtors' premises, the deed of the 3rd of March, 1876, and the unpaid promissory notes. The trustees signed a receipt for these documents, which stated that the payment was made "in discharge of all liability to the bank and *Glyn & Co.* of *Fox, Walker & Co.* and their estate in respect of the bills accepted by them and particularised in the schedule to the deed of the 3rd of March, 1876, or otherwise, but which payment of £2,000 is made to and received by the bank and *Glyn & Co.* expressly without prejudice to all their rights against and to the receipt of all dividends from the estates of any other parties liable in respect of such bills."

*Turquand*, as trustee of *Sanderson & Co.*, tendered a proof in

the liquidation of *Fox, Walker & Co.* for £3,575. 17s. 2d., and for £515. 5s. 1d. interest thereon up to the commencement of *Fox, Walker & Co.*'s liquidation. In his affidavit of proof *Turquand* said that *Fox, Walker & Co.* were indebted to him in the sum of £3,575. 17s. 2d., which he, as trustee of *Sanderson & Co.*, had paid to the bank in respect of the seven bills, and in the sum of £515. 5s. 1d. for interest thereon. This proof was rejected by the trustees, and the rejection was affirmed by the judge of the county court. *Turquand* appealed to the Chief Judge.

The appeal was heard on the 25th of February and the 1st of March, 1880.

*Winslow*, Q.C., and *J. E. Linklater*, for the appellant, referred to *Ex parte Turquand* (1); *Mertens v. Winnington* (2); *Ex parte Wyld* (3); *Ex parte Mutton* (4); *Simpson v. Eggington* (5); *Bankruptcy Act*, 1869, s. 31.

*Bompas*, Q.C., and *Romer*, for the trustees of *Fox, Walker & Co.*, referred to *Ellis v. Emmanuel* (6); *England v. Marsden* (7).

*BACON*, C.J. :—

I am bound by the rules of equity and the provisions of the *Bankruptcy Act* relating to the proof of debts. The words of sect. 31 of the Act fully and completely define what are debts provable in bankruptcy. [His lordship read the section and continued :—]

The present case is simply this. Bills of exchange are current which *Sanderson & Co.* apply to their bankers in *London* to discount, and according to their custom when dealing with these things (it is not pleaded as a general custom), but according to the custom by which *Sanderson & Co.* carried on their business it was their practice not to indorse the bills which their bankers discounted for them, but to give the bankers a guarantie that they would be personally liable in the same manner as they would have been if they had indorsed the bills. Having given that guarantie they therefore became liable on the bills to the bank, and this nobody disputes. Then the surety, having on behalf of his principal, the acceptor, entered into such an engagement, it enures to his own benefit, and he thereupon, if he has to pay under his guarantie, becomes the creditor of his principal. And if by handing these bills to the *London and Westminster Bank* for discount, and giving their guarantie to pay them at maturity, Messrs. *Sanderson & Co.* become liable to pay the debts of their principals, the acceptors, why have they not a right to prove against their estate? The reason suggested is this, it is said that the bills are in the hands of the bank, and that there cannot be two proofs in respect of the same bills of exchange. What

(1) 3 Ch. D. 445.

(2) 1 Esp. 112.

(3) 2 D. F. & J. 642.

(4) Law Rep. 14 Eq. 178.

(5) 10 Ex. 846.

(6) 1 Ex. D. 157.

(7) Law Rep. 1 C. P. 529.

the bank mean to prove against *Fox, Walker & Co.*'s estate, I cannot tell. Reference has been made to a deed entered into between Messrs. *Glyn & Co.*, the *London and Westminster Bank*, and the debtors, *Fox, Walker & Co.*, by which some arrangement between them was made for the discharge of the existing debt, and the bills in question were undoubtedly contained in the schedule of that deed. But no notice of this was given to *Sanderson & Co.*, they are no parties to the deed, and their assent to or acquiescence in it was not in any way requested.

What, then, has altered their position? If they paid the bank £3,575 in respect of the bills, they had in the terms of the 31st section a provable debt against *Fox, Walker & Co.*'s estate. If they paid that amount for them before the bankruptcy it is plain that they might have sued them for it as a debt, and the fact that the bankruptcy has happened does not change their position. The sum which they paid was part of the £19,958 for which the bills were given, and if the bank had come to prove against the estate of *Fox, Walker & Co.* the day after they had received the £3,575, they could not have proved for any more than the £19,958, minus the £3,575 which they had received from *Sanderson & Co.* There can be no double proof in respect of that £3,575. If by any transaction subsequent to the deed of 1876, the relations of debtor and creditor between *Fox, Walker & Co.* and the *London and Westminster Bank* have been affected in any way, how can that affect the right which *Sanderson & Co.* had when they paid the £3,575 on behalf of *Fox, Walker & Co.*? The sum so paid must of necessity have been a portion of the sum for which the bank would have been entitled to prove against *Fox, Walker & Co.* if they had been bankrupt at the time, and for which, if they were not bankrupt, *Sanderson & Co.* would have had a right to sue them.

That is the way in which the case presents itself to me. I have nothing to do with the arrangement which was made by the deed; there is nothing in it which can affect the rights of other persons than those who are named in it. If the £8,000 which is now said to be due to the *London and Westminster Bank* is sought to be proved in the bankruptcy of *Fox, Walker & Co.*, it will be time enough for their trustees to say whether that £8,000 includes the £3,575, part of the bills for £19,958, which the bank received before *Fox, Walker & Co.* became bankrupt.

I therefore decide this case on the terms of the 31st section of the *Bankruptcy Act*, and without reference to all that has been said about custom. I think there was a custom, not a custom of merchants but a practice, by which *Sanderson & Co.* gave their personal undertaking to be liable on the bills, by which they were bound, and they having satisfied that liability to the extent of £3,575, it would be impossible now that the bankruptcy has happened to enter

into any negotiations about the bills so as to include the £3,575 which had been paid before the bankruptcy, and before any right of proof whatever could have arisen on them. I am of opinion that there will be no double proof, but only that proof which *Sanderson & Co.* are entitled to make against the estate of *Fox, Walker & Co.* I think, therefore, that the proof ought to be admitted for the sum paid to the bank, but I do not admit the claim for interest.

The trustees appealed to the Court of Appeal, their notice of appeal being given on the 15th of March, 1880.

Afterwards Mr. *F. W. Fox*, one of the partners in *Fox, Walker & Co.*, made an affirmation in which, after mentioning the acceptance by his firm of the seven bills drawn by *Fothergill & Hankey*, he said: "I afterwards learnt that the said bills had been discounted by the drawers thereof with *Sanderson & Co.*, and that *Sanderson & Co.* had discounted the said bills with the *London and Westminster Bank*. I wrote the letter of the 14th of June, 1875, under the impression and belief that *Sanderson & Co.* were liable to the bank as indorsers of the said bills, and it was not until long after the commencement of the liquidation of my firm that I became aware of the liability of *Sanderson & Co.* depending upon a document signed by them in the year 1871." The letter of the 14th of June, 1875, referred to in this affidavit was written by *F. W. Fox*, in the name and on behalf of his firm, to the manager of the *London and Westminster Bank*. It was written shortly after the stoppages of *Fothergill & Hankey* and *Sanderson & Co.*, and it contained a proposal for a payment by *Fox, Walker & Co.* to the bank of a composition of 5s. in the pound upon the seven bills held by them. It spoke of the bills as drawn by the *Aberdare Iron Company* and indorsed by *Sanderson & Co.*, and it contained the following passage: "We should hope that with the dividends payable on the *Aberdare Company* and *Sanderson & Co.*'s estates there would be no eventual loss to your bank, and we trust that under the circumstances you will see your way to accede to our proposal." And, with reference to the negotiations which took place prior to the compromise of the claims of the bank and *Glyn & Co.* against the estate of *Fox, Walker & Co.*, Mr. *Inskip*, the solicitor to the trustees, made an affidavit in which he said, "I informed Mr. *Braithwaite* (the solicitor of the bank and of *Glyn & Co.*) that I could not admit any claim of Mr. *Turquand* to rank as a creditor against the estate of the debtors, and I declined to make or accept any stipulation which would involve the recognition of such claim."

An affidavit was also made by Mr. *Braithwaite*, in which he set forth a letter written by his firm on the 21st of April, 1879, to the solicitors of *Fox, Walker & Co.*'s trustees. This letter contained the following passage: "Payment of the £2,000 is of course expressly received without prejudice to the rights and claims of the

bank and Messrs. *Glyn* against any other parties liable, and to receive dividends from their respective estates, and the original bills cannot therefore be actually given up. It is also irrespective of, and does not comprise Mr. *Turquand's* proof as trustee of *Sanderson & Co.* in respect of the payments made by *Sanderson & Co.* on account of the bills."

On the 28th of April, 1880, *Turquand* gave notice to the trustees that on the hearing of their appeal he would apply to the court to vary the order of the Chief Judge by admitting the proof for the £515. 5s. 1d., claimed for interest, in addition to the £3,575. 17s. 2d.

The appeal was heard on the 10th and 17th of June, 1880.

*Romer* (*Benjamin*, Q.C., with him), for the appellants :—

The position of *Sanderson & Co.* in consequence of their guarantie is not the same as if they had indorsed the bills. By the law merchant the indorser of a bill of exchange is a surety for its payment; he has the liability of a surety, and he has the rights of a surety against the acceptor. But a person who guarantees the payment of a bill without indorsing it must, in order to make the acceptor liable for anything which he pays under his guarantie, show that he executed the guarantie at the request, express or implied, of the acceptor. If he does not do this, any payments made under the guarantie are voluntary payments so far as the acceptor is concerned, and cannot be recovered from him. No one can give himself the rights of a surety as against the principal debtor; in order to acquire those rights the person who claims them must show that he became a surety at the request, express or implied, of the principal debtor: *Addison* on Contracts (1). The only exception, if it can be called an exception, is the case of an indorser of a bill of exchange. There the request is implied by the law merchant. In *Sleigh v. Sleigh* (2) the drawer of an accommodation bill, which when it was due was dishonoured, paid a part of it to the holder without having received notice of dishonour, and without any request from the acceptor, and it was held that he could not recover what he had so paid from the acceptor. The principle of that case applies to the present.

[JAMES, L.J. :—In that case it was admitted by Baron *Parke* that if the plaintiff had voluntarily paid the whole bill, he could have sued the acceptor, because he would then have become the holder of the bill, and would have been entitled as such by the law merchant to sue upon the bill. An indorser of a bill is not entitled to sue upon it, unless he becomes the holder.]

It is clear that *Fox, Walker & Co.* had no notice of the guarantie; it was not given with their knowledge or consent, and no request by them can be implied.

Moreover, as between the bank and *Fox, Walker & Co.*, there

(1) 7th ed. p. 870.

(2) 5 Ex. 514.



has been a complete settlement and discharge of the liability of the latter upon the bills. The bank were the holders of the bills, and had a full right to give a discharge of the liability upon them. The settlement was of the balance, after accounting for what had been already paid in respect of the bills. It can make no difference that *Sanderson & Co.* had previously paid the £3,575. 17s. 2d.

[THESIGER, L.J. :—If *Sanderson & Co.* had indorsed the bills could the bank have proved against the estate of *Fox, Walker & Co.* for more than the balance virtually unpaid of the bills? and, if so, could not the persons who had paid a part of what had been paid to the bank have proved for that part?

JAMES, L.J. :—Would that apply to payment under an officious guarantie?]

An indorser of the bills who had paid a part might have that right.

[THESIGER, L.J. :—Then if the officious guarantor paid a part, could the bank prove for the whole amount, or only for the balance? would not the officious payer of part have, at any rate, a right to use the name of the holder of the bill to prove for what he had paid?]

It must be shown, either that the guarantie was given at the request of *Fox, Walker & Co.*, or that the payments under it were made at their request. This has not been done.

*Winslow, Q.C.*, and *J. E. Linklater* for the trustee of *Sanderson & Co.* :—

The main argument before the Chief Judge was, that, if our claim was admitted, there would be in effect a double proof.

[JAMES, L.J. :—There would not be a double proof. If the holder of a bill receives part payment from a person who is liable to pay him, he can only prove against the acceptor's estate for the balance.]

But if the drawer had paid part of the bill the acceptor could still be sued by the holder for the whole, because there could be only one action, though the holder would be a trustee for the drawer of the excess when he recovered against the acceptor : *Byles* on bills (1).

The evidence of the bank manager is uncontradicted, that it is the almost invariable custom of bill brokers in the city of *London* to give a general guarantie to their bankers, instead of indorsing every bill which they rediscount with them. This custom must be taken to be well known to persons who are in the habit of sending bills to bill brokers to be discounted, and an authority from *Fox, Walker & Co.* to *Sanderson & Co.* to make themselves liable on the bills must be implied. *Fox, Walker & Co.* authorised *Fothergill &*

*Hankey* to take the bills into the market and to raise money upon them in the ordinary way. This implied an authority to *Sanderson & Co.* to become sureties for the payment of the bills, and can it signify that that authority is exercised in a form different from that which the acceptors anticipated? In substance the agents followed the directions of the principal; the difference is in form only. If an indorser of a bill, being sued by the holder, pays him part of the amount of the bill, he can recover what he thus pays from the acceptor in an action for money paid to his use: *Pownal v. Ferrand* (1). A payment made voluntarily for the purpose of relieving a bankrupt's estate from liability has been ordered to be repaid out of the estate: *Ex parte Mutton* (2).

At any rate there has, in the present case, been a complete ratification of the payments made by *Sanderson & Co.*, both by *Fox, Walker & Co.* themselves and by their trustees. There may be a ratification after action brought: *Simpson v. Eggington* (3). It is clear that the agreement of compromise between the bank and *Fox, Walker & Co.*'s trustees was only intended to refer to the bank's claim for the balance after giving credit for what they had received from *Sanderson & Co.* If *Sanderson & Co.* had been indorsers of the bills *Fox, Walker & Co.*, or their trustees, could not by any dealing with the bank alone have got rid of *Sanderson & Co.*'s claim; and if they knew, as they clearly did then, that *Sanderson & Co.* were sureties to the bank for the payment of the bills, they could not behind the backs of *Sanderson & Co.* make any agreement with the bank for releasing their claim.

*Romer*, in reply:—

There has been no ratification of the payments made by *Sanderson & Co.* When they were entered in *Fox, Walker & Co.*'s statement of affairs as creditors, it was supposed that they had indorsed the bills. The compromise made by the trustees with the bank was intended to get rid of all liability upon the bills. The payments made by *Sanderson & Co.* to the bank were not made under compulsion, for they voluntarily gave the guarantie: *England v. Marsden* (4). One difference between a guarantie and an indorsement of a bill of exchange is this, that the guarantor would not receive any notice of the dishonour of the bill. And, even if an indorser of a bill of exchange waives his right to receive notice of dishonour and pays part of the bill, the payment is voluntary: *Sleigh v. Sleigh* (5).

JAMES, L.J.:—

I am of opinion that the decision of the Chief Judge ought to be affirmed. It appears to me that it would be contrary to ordinary notions of justice if the trustee of *Sanderson & Co.* was not allowed

(1) 6 B. & C. 439.

(2) Law Rep. 14 Eq. 178.

(3) 10 Ex. 845.

(4) Law Rep. 1 C. P. 529.

(5) 5 Ex. 514.

to prove against the estate of *Fox, Walker & Co.* for the amount paid by the estate of *Sanderson & Co.* to the bank in respect of the bills. The claim is made in respect of bills of exchange upon which the debtors, *Fox, Walker & Co.*, were liable. A sum of money was paid on account of the bills by *Sanderson & Co.* to the bank, who were the holders of the bills, and then, so far as the bank were concerned, only part of the bills remained due, and the bank claimed to prove for that part against the estate of *Fox, Walker & Co.*, the debtors. The trustee of *Sanderson & Co.* now claims to prove against the estate for the sum which he has paid to the bank. It is objected that the bills were not indorsed by *Sanderson & Co.* But the bills were drawn and accepted as accommodation bills; they were created only for the purpose of raising money, and it did not signify who was the drawer or who was the acceptor. The names of the drawers and acceptors were put on the bills for the purpose of making them negotiable instruments, which were to go into the world as such. The money was to be raised partly for the benefit of the drawers, and partly for the benefit of the acceptors; the bills were to be put into circulation for their joint benefit. It did not signify to the bill brokers which of them were the drawers and which the acceptors. It was the same thing as if they had both gone together to *Sanderson & Co.* and asked them to discount the bills. It must have been perfectly well known to both drawers and acceptors that *Sanderson & Co.* were carrying on an enormous business as bill discounters, and that they could discount the bills only by procuring advances from their bankers, i.e., that they would rediscount the bills. In fact it is part of the appellants' case that *Fox, Walker & Co.* supposed in the first instance that *Sanderson & Co.* would put their names on the bills as indorsers, in which event it is admitted that there would have been no doubt or difficulty in the matter, but that *Sanderson & Co.* would have been entitled to make this proof. But it is proved that according to a well-established usage it is the common and almost invariable practice of bill brokers in the city of *London* not to go through the form of putting their names upon every bill which they rediscount with their bankers, but to give instead a general indemnity or guarantee to their bankers, by which they undertake to be liable to the bankers upon each bill which they rediscount with them just as if they had indorsed that bill. This fact must have been well known and understood by the gentlemen who manufactured these bills. I am aware of no authority and I can see no principle for holding that the liability which is created by such a guarantee differs from that which is created by the indorsement of a bill of exchange. No special authority is ever given by the acceptor of a bill of exchange to the holder of it to indorse it when he parts with it. It must have been known to *Fox, Walker & Co.* that *Sanderson & Co.* could not get the money for the bills from their bankers without making themselves liable upon the bills. I am of opinion that by the

making of a negotiable instrument sufficient authority was conferred on *Sanderson & Co.* to make themselves liable on the bills to their bankers, and that *Sanderson & Co.* paid the bankers under compulsion just as much as if they had indorsed the bills. It was a mere accident that *Sanderson & Co.* did not by their guarantie confer on the bank a formal authority to write their names on the bills as indorsers. If the case had stood in this way, I think there would have been quite enough to support the decision of the Chief Judge. But I am of opinion on the facts that the payment by *Sanderson & Co.* to the bank was recognised and adopted by *Fox, Walker & Co.* and their trustees on that footing, that all the dealings between them took place on the footing of that payment having been made, and that the effect of this ratification is not destroyed by *Fox, Walker & Co.* saying, We thought there was an indorsement of the bills by *Sanderson & Co.*, and we now find that there was only a guarantie. I think that this makes no difference in the truth and substance of the transaction. Beyond all question the only thing which was compromised was the balance for which the bank claimed to prove after giving credit for the payment which had been made to them by *Sanderson & Co.* There was no release of the bills of exchange, and if the compromise did not exhaust the whole amount of them, it is clear that the bills have never been satisfied. The only question would be whether the bank should prove for the balance as trustees for *Sanderson & Co.* It seems to me unnecessary to go through that form, and I think that the proof may be made by *Sanderson & Co.* in their own name. It appears to me that there is no rule of law or technicality which prevents justice being done.

COTTON, L.J. :—

I also am of opinion that the proof has been rightly admitted for the sum of £3,575. 17s. 2d., which was paid by *Sanderson & Co.*'s trustees to the holders of the bills which were accepted by *Fox, Walker & Co.* That sum was paid under the letter of guarantie which was given, according to the usual practice of bill brokers in the city of London, by *Sanderson & Co.* to the bank, and which applied to these particular bills, though it included them only in general terms. It is conceded that if *Sanderson & Co.* had indorsed the bills to the bank they could have recovered from *Fox, Walker & Co.* any sum paid by them to the bank in respect of the bills less than the whole amount of the bills. The case of *Pownall v. Ferrand* (1) is an authority in support of that right, and it is the necessary result of the rule of law which is stated by Mr. Justice Keating in *England v. Marsden* (2), "that, where one man is compelled to pay a debt for which another is legally responsible, the law will imply a promise by the latter to indemnify the former." In the present case there can be no doubt that *Sanderson & Co.* were compelled to

(1) 6 B. & C. 439.

(2) Law Rep. 1 C. P. 532.

pay the bank under their guarantie. It is urged, and in my opinion rightly, that every kind of compulsion will not entitle a person who pays a part of a bill of exchange to recover what he so pays from the acceptor; that right will not arise unless the compulsion is undertaken at the request, express or implied, of the person who is primarily liable to pay the bill. But why is it that the indorser of a bill of exchange is in that sense of the word under a compulsion to pay it if it is not paid by the person primarily liable? Because, in my opinion, every one who puts a bill in circulation impliedly authorizes every holder of the bill to indorse it over, and thus to transfer to the indorsee his rights against the acceptor, and if the indorser pays the bill he does so under a compulsion undertaken by the implied authority of the acceptor. In the present case, in my opinion, an implied authority was given by *Fox, Walker & Co. to Sanderson & Co.* to incur the liability which they actually did incur. The drawers of the bills in procuring them to be discounted must be taken to have been acting on the behalf of *Fox, Walker & Co.* as well as on their own. *Fox, Walker & Co.* authorized them to deal with the bills in the ordinary course of business for the purpose of getting them discounted. In applying to *Sanderson & Co.* to discount the bills the drawers acted within that authority, and that conferred on *Sanderson & Co.* an authority to deal with the bills in the ordinary course of the business of bill brokers in the city of *London*, and consequently to give the letter of guarantie to the bank. And the payment made by *Sanderson & Co.* to the bank in pursuance of the guarantie was made under a compulsion undertaken by them by the implied authority of *Fox, Walker & Co.*, and consequently they are entitled to prove against their estate for what they have so paid. I decide the case on this ground, and it is therefore unnecessary for me to enter into the effect of the arrangements which were made between the bank and *Fox, Walker & Co.* and their trustees.

THESIGER, L.J. :—

The question to be decided resolves itself into one of fact, and upon it the evidence is really all one way. I will assume that the rule of the civil law does not apply; in other words, I will assume that a voluntary payment of a debt made by a stranger does not give him any right of action against the person who was liable to pay it. I will assume also that *Sleigh v. Sleigh* (1) was rightly decided, and therefore that the indorser of a bill of exchange who pays it without having had any notice of dishonour, though he waives his right to have that notice, has no right of action against the person who is primarily liable to pay the bill. I will further assume that *England v. Marsden* (2) was correctly decided, in other words, that, though a person who has been compelled to pay a bill

(1) 5 Ex. 514.

(2) Law Rep. 1 C. P. 529.

of exchange has a right of action against the person primarily liable, he has no such right when he has voluntarily placed himself in the position of being compelled to make the payment. Though, however, I assume for the purpose of the present case that those cases were rightly decided, I will not say that I do not think that they may be open to further consideration when the occasion for it arises, for I think that the observations of the late Mr. Justice Willes in *Cook v. Lister* (1) are well worthy of consideration. In the present case it must be admitted that if *Sanderson & Co.* had indorsed the bills to the bank, and had paid them, they would have had a right of proof, against *Fox, Walker & Co.*'s estate. And it is equally clear that if the guarantie had been given to the bank in pursuance of an agreement to which *Fox, Walker & Co.* had been parties, or if *Sanderson & Co.* had paid the bank with the assent of *Fox, Walker & Co.*, either before or after the payment was made, their right of proof against *Fox, Walker & Co.*'s estate must have been admitted. It is clear, however, that *Sanderson & Co.* did not indorse the bills, but there is strong evidence that they became sureties to the bank for the payment of the bills by the authority of the acceptors, implied if not expressed. At any rate, it is clear that the payments made by *Sanderson & Co.* were adopted by the acceptors, and that the benefit was taken by them, and therefore they must also bear the burden. At every stage of the proceedings the evidence is strong to that effect. The bills were put into the market. We ought at any rate to infer that an authority was given by the acceptors to the drawers to get the bills discounted in the ordinary way by some bill brokers, and therefore that an authority was given to the bill brokers to rediscount the bills. Then, upon the evidence, we must find that it is the almost invariable practice of bill brokers, or rather of bill discounters, in the city of *London*, for the purpose of convenience, not to indorse the bills which they rediscount with their bankers, but to give to their bankers a general floating guarantie which covers all the bills rediscounted by them. And, dealing with the matter as one of fact and evidence, the proper inference to be drawn from the existence of this custom is, that an authority was given by the acceptors to *Sanderson & Co.* to deal with these bills in the way in which they were ordinarily in the habit of dealing with bills which they rediscounted. It follows that there was an authority or an implied request by the acceptors to *Sanderson & Co.* to pay the bills in pursuance of the guarantie which they had given. And, going a step further, it appears to me that there was an authority to make the payments which they afterwards made. When the negotiations for the deed of March, 1876, were carried on, it was recognised by all the parties that payments would be made by *Sanderson & Co.* to the bank, and, putting a reasonable construction upon the 3rd clause of that deed, I

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(1) 13 C. B. (N.S.) 543, 594.

cannot doubt that it covers this very case. And the inference I draw from that deed, and from what passed at that time, is this, that whether or not an original authority was given by the acceptors to *Sanderson & Co.* to pay the bank, there was then a request made to them, or an authority given to them, by the acceptors to pay the money which they paid to the bank in respect of the bills. This conclusion seems to me to be clearly borne out by the subsequent conduct of the parties in the year 1878. The action was then brought by the bank for the balance due upon the bills, after giving credit for what had been paid by *Sanderson & Co.* Then *Fox, Walker & Co.*'s statement of affairs treated the bank as creditors only for the balance of the amount of the bills, after deducting what *Sanderson & Co.* had paid, and treated *Sanderson & Co.* as creditors in respect of the amount which they had paid upon the bills, and, so far as can be gathered from the evidence, *Fox, Walker & Co.*'s trustees adopted that which had been done by them. And, finally, the compromise was made between the bank and the trustees in April, 1879. It may well be that the trustees intended so to act as not to recognise any right of *Sanderson & Co.* to prove against the estate. But this is clear, that the compromise related only to the balance of the amount of the bills, after giving credit for the payments which had been made by *Sanderson & Co.*, to the bank. I do not mean to suggest that there was any intention on the part of the trustees to act fraudulently, but it seems to me that it would be very improper now to use that compromise as against *Sanderson & Co.* to show that they had no right of proof against the estate. I am of opinion that an original authority to *Sanderson & Co.* to enter into the guarantee is to be implied from the circumstances, and that both the acceptors and their trustees afterwards assented to the payments which were made by *Sanderson & Co.* to the bank, as being payments made at the request and on the account of the acceptors. The appeal must be dismissed with costs.

*Winslow, Q.C.*, and *J. E. Linklater* for the respondent:—

The claim for interest ought to have been allowed by the Chief Judge, and we now ask in pursuance of our notice that his order may be varied in this respect.

*Romer*, for the appellants:—

The notice was given too late; it ought to have been given within the 21 days allowed by Rule 15 for appealing.

[*JAMES, L.J.*:—Under the old practice a cross appeal was allowed to be presented after the expiration of the time allowed for presenting an original appeal. And now we have power to extend the time for appealing, if necessary.]

This matter ought to have been made the subject of a distinct notice of appeal.

[*JAMES, L.J.*:—The object of the rule was to prevent the necessity of two appeals. A man might well be satisfied if he got £50

instead of £52 which he had claimed, and yet if his adversary appealed he might say, I will now ask for the £2.]

*Winslow, Q.C.*, for the trustee of *Sanderson & Co.* :—

The acceptors of the bills would have had to pay interest, and we have relieved their estate from that payment. Therefore we are entitled to prove for interest up to the adjudication.

*Romer*, for the trustees of *Fox, Walker & Co.* :—

There was no contract to pay interest. It has not been decided that *Sanderson & Co.* stood in the position of indorsers of the bills for all purposes. Sect. 28 of the Act 3 & 4 Will. 4, c. 42, does not apply. The question of interest was not really argued before the chief judge.

[*JAMES, L.J.* :—If a surety pays part of a debt which bears interest, does that entitle him to interest from the principal debtor?]

No. He has a right to be paid what he has paid under his guarantie. If he intends to claim interest he should give notice to the principal debtor. I do not admit that the bank could have claimed interest. If a surety makes a payment to the creditor and does not tell the principal debtor, why should he be entitled to interest? If he had told the principal debtor, he might have repaid the amount paid at once : *Byles* on Bills (1).

*Winslow*, in reply :—

A person who guarantees the due payment of a bill is liable for interest : *Byles* on Bills (1).

June 15. *Corron, L.J.*, delivered the judgment of the court (*James, Cotton and Thesiger, L.JJ.*) :—

We have already disposed of the principal appeal in this case, which raised an objection to the respondent's right of proof altogether. We sustained the decision of the Chief Judge admitting the proof for the sum actually paid.

It is necessary shortly to state the circumstances of the case. The proof was against the estate of the acceptors of certain bills, and it was tendered by some bill brokers to whom the bills had been transferred by the drawers for the purpose of raising money. We thought that the object of the bills was to raise money for the joint purposes of the drawers and acceptors, or at any rate that the acceptors accepted them knowing how they would be dealt with, and we held that, although the bill brokers had not made themselves parties to the bills by indorsing them, but had given a guarantie to the bankers who advanced the money, they were entitled to prove against the estate of the acceptors for what they had paid under their guarantie, on the ground that there was an implied contract to indemnify them on the part of the acceptors, who were primarily liable on the bills. The only question remaining was whether, the proof being allowed, a proof should be



admitted for interest on the amount paid. Unfortunately, this point was not argued on the main appeal; it was the subject of a cross notice of appeal given by the respondent. Probably, if it had been mentioned earlier it would have been argued, and the authorities which exist on the subject would have been brought before the Court and discussed. We reserved our judgment on this point, and we are now of opinion that the proof for interest ought to be admitted. If there had been no authority on the point, the matter would have been possibly more doubtful, but in several cases interest has been allowed on payments made both under express and implied contracts to indemnify. In *Petre v. Duncombe* (1), under a covenant by way of indemnity to a surety, interest was allowed by way of damages upon payments which had been made by the surety, it being held that on a contract to indemnify the person to be indemnified should be put in the same position as if the man who had contracted to indemnify him had in fact done what he had contracted to do, that is, had paid the money at the proper time. And Vice-Chancellor *Kindersley*, in a very careful judgment in *Hitchman v. Stewart* (2), came to the same conclusion where there was only an implied contract by co-sureties to indemnify or repay another co-surety the amount which he had paid in excess of his fair proportion. There the Vice-Chancellor allowed interest, on the ground that there was an implied contract to indemnify, following the old case of *Lawson v. Wright* (3), where the point does not appear to have been argued, but interest was allowed under somewhat similar circumstances. That decision of Vice-Chancellor *Kindersley's* has been followed in the recent case of *In re Swan's Estate* (4), where the Court of Appeal in *Ireland* allowed interest under similar circumstances on the same principle on an implied contract to indemnify. Having regard to these authorities, and to the consideration that where there is a contract to indemnify, express or implied, the person who is to be indemnified ought to be put in the same position as if the act against which he is to be indemnified had been done by the person who is to indemnify him at the time when it ought to have been done, we are of opinion that the proof for interest ought to be admitted. That, of course, will be for interest up to the date of the adjudication.

The point seems not to have been argued in the court below, so that we do not know on what ground the proof for interest was rejected.

Solicitors for appellants: *Lawrence, Plews & Baker*, agents for *H. Britten, Press & Inskip, Bristol*.

Solicitors for respondent: *Travers Smith & Braithwaite*.

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(1) 2 L. M. & P. 107.

(2) 3 Drew. 271.

(4) I. R. 4 Eq. 209.

(3) 1 Cox, 275.

## JOURNAL OF THE INSTITUTE OF BANKERS.

FEBRUARY, 1881.

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Sir JOHN LUBBOCK, Bart., M.P., President, in the Chair.

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THE EFFECT OF THE DEVELOPMENT OF BANKING FACILITIES  
UPON THE CIRCULATION OF THE COUNTRY.

*Including (for the purposes of this enquiry) under the term  
"Circulation," Bank Notes; Country Bank Notes; Cheques and Bills.*

*Being the PRIZE ESSAY for the past Year, by Mr. ROBERT WILLIAM BARNETT, an  
Associate of the INSTITUTE.*

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[Read before the Bankers' Institute, Wednesday, 15th December, 1880.]

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IN considering the progress of banking and its effects upon the circulation of the country, we may with propriety divide the last eighty years into two equal periods; distinguished by the opposite characteristics of speculation and knowledge. In the many books and pamphlets upon the currency question written during the first period one common feature is particularly noticeable—the absence of figures and statistical facts. Opinions abound, and opinions of the very highest authorities, but they rest only upon the reputation of their authors, and are unaccompanied by the evidence upon which they have been formed. The shrewd conclusions of careful observers were probably no unsafe guides, and it would have been impossible at that time for the most diligent and favoured inquirer to obtain any figures of importance for publication in support of his opinions.

Official returns were very loosely computed and irregularly published, whilst in relation to banking and financial matters there appears to have been an almost entire absence of exact information. Private firms were even more jealous than now of any publicity with regard to their transactions, and the joint stock banks then

existing had hardly acquired sufficient importance to make the balance-sheets they published of any real value as indications of the course of the circulation. Nor would it have been possible to compare even these meagre details without employing considerable care and diligence in collecting those for past years. The value of statistical tables is now so generally recognised, that particulars which in former days were not thought worthy of record, are now not only recorded and published, but are preserved and republished with continuations to the latest dates. The diligence and energy of the heads of our government departments provide us now with such numerous and carefully-arranged reports and tables upon almost every subject, that we are enabled to quote figures in support of any conclusions that may be arrived at; to invite the consideration of our premises and the confirmation of our opinions.

This plan I shall adopt in the present paper, and if nothing else had limited its scope, want of exact information would confine it entirely to the latest of the two periods I have mentioned.

The very excellent series of "Statistical Abstracts of the United Kingdom," first published in 1853, goes no further back than 1840, and it is, I believe, impossible to obtain any but fragmentary and detached particulars of any part of the note circulation, except that of the Bank of England, from an earlier date. By a curious coincidence, too, the only account of the total of clearing house transactions that was taken prior to 1867 was that for 1839. Therefore, the effect, the considerable progress made in banking during the period 1801-40 may have had upon the circulation, must now be matter of conjecture only.

Great as were the movements of these years, we shall have, I think, upon careful consideration, reason for concluding that the advances of a later date are even more important. Of these, the most prominent is undoubtedly the Act of 1844. This Act was intended as a settlement of a question, which, of all the economic questions that occupied the attention of the public during the first half of this century, was the most warmly debated, and apparently with the least conclusive results. The most opposite opinions were expressed with equal confidence by the most competent authorities, and the Act found supporters and opponents equally eminent.

Even after it had become law, the opposition the Act had encountered was but little abated, and it appeared most probable that not many years would elapse ere it was repealed. More especially as the disasters of 1847, disappointing the extravagant expectations that had been formed of the effects of the Bill, led some notable supporters to declare their opinions changed.

Since that time, however, there has been a gradual decline in the warmth with which the question was then regarded, and we may hope

that when next public attention shall be directed to the subject, it will be found possible to discuss it with less acrimony than on previous occasions. This may be expected, not so much from the softening influence of time, nor even from the advantage of having facts to rest upon instead of mere opinion, as from the changes in the elements of the question which have been produced by the development of our banking system.

One great feature in former discussions was anxiety for the right of note issue, but this will probably be found to have almost entirely disappeared. The ideas of the large profits attached to this privilege have been dissipated by the great success of the many extensive establishments that do not issue their own notes. Of the English joint stock banks paying 20 per cent. and upwards by last reports, the following is an analysis:—

Dividend.	BANKS OF ISSUE.		NON-ISSUING BANKS.	
	Banks.	Paid Capital.	Banks.	Paid Capital.
		£		£
20 per cent.....	5	626,000	5	1,925,000
21 „ „ .....	..	....	1	1,688,000
22 „ „ .....	2	424,000	..	....
23 „ „ .....	1	302,000	..	....
24 „ „ .....	1	275,000	..	....
25 „ „ .....	..	....	1	109,000
30 „ „ .....	1	45,000	..	....
	10	£1,672,000	7	£3,722,000

These issuing banks have an aggregate circulation of £600,000, and although they have, in almost all cases, the advantage of priority of occupation in their respective districts, we see that the total of profits made is but small compared with that of the non-issuing banks.

Even the Scotch and Irish banks, which are supposed to enjoy yet more exceptional advantages in this respect, do not appear, on a comparison of profits, to reap any very great benefits from their favoured position. The average of the last dividend on the paid-up capital of the Scotch banks being 12 per cent., and on that of the Irish banks even a little less.

But the profits of note issue must altogether depend upon the amount in circulation, and so far from there appearing to be any demand for an expansion of the authorised issues, the private circulation of England and Wales has, since 1855 at least, exhibited a steady decrease, until at present it is only 60 per cent. of the

amount authorised, and 50 per cent. below the amount fixed in 1844.

This is owing partly to a growing preference by the public for Bank of England notes, and partly to the introduction and extension of our cheque system, by which and by the multiplication of branch banks, a complete change has been effected in the relative importance of the various branches of the currency, and the country has been enabled without inconvenience to adapt itself to the conditions of the Act of 1844.

The cheque system in its present form is but little more than 20 years old. Up to 1858 the cheque was, in the eye of the law, a draft drawn upon a banker for the drawer's own use, it could be made payable to bearer only, and must be issued within 15 miles of the place drawn upon.\*

By compliance with these and some other restrictions, the cheque was distinguished from other drafts payable on demand, and was exempt from stamp duty. But failure in any of the specified requirements rendered the cheque absolutely void, whilst the drawer, negotiator and payer were all liable to heavy penalties, and the paying banker was further amerced by being unable to charge the amount of the draft to his customer. Nor could the banker, even by the strictest care, completely assure his position; the law, although stringent, was by no means clear, and we have the evidence of the Revenue authorities that infractions were frequent, and that when questions as to the right of exemption arose, they were very difficult to solve.†

It was at one time maintained by authorities of repute that crossing was actually illegal, because it restricted the channel of presentation;‡ on the other hand it was evident that the law contemplated a cheque as being drawn by the customer for his own use only, and not for the purpose of negotiation.

However, be that as it might, it would have been impossible for documents, liable to so much controversy, conveying such uncertain rights, and carrying the probability of severe penalties, ever to have formed an important part of the circulation. Previous to 1854 the stamp duty upon drafts on demand, other than bankers' cheques, was the same as that on short-dated bills of exchange; it was a heavy scale, and the avoidance of it is a matter of import-

\* An unstamped cheque, although in all respects legally issued, might not be transferred or negotiated at any distance beyond that specified, and it was only in 1854 that a holder under such circumstances was allowed to legalize the draft by affixing a penny stamp.

† "Retrospective Report of Commissioners of Inland Revenue, 1870," vol. i., p. 77.

‡ McLeod. *History of Banking*, chap. xiv.

ance.\* In that year the duty was reduced to 1d. for any amount, but the chance of evading a direct tax, however small, would be sure to be taken advantage of; and it will readily be understood that this fact, and the uncertainty attaching to cheques, must have very much restricted their use.

That such was the case is to some extent demonstrable from the Inland Revenue returns:—

Stamps on Bills of Exchange.		Receipt and Draft Stamps.	
1853 to Mar. 31	£615,312	£215,202	Receipts <i>ad valorem</i> only.
1854-5 (15 months)	617,658	245,368	Receipts, 1d. demand, 1d., October, 1854.
1855-6	448,643	281,847	
1856-7	525,138	302,249	All cheques and demand drafts, 1d.
1857-8	532,320	302,624	
1858-9	475,185	443,674	
1859-60	521,329	411,435	

In the stamps on bills of exchange we see a considerable fall in 1855, of which, while the greater part was probably owing to the great reduction in the rates of duty, some part was, no doubt, due to the abolition of the *ad valorem* duty on drafts on demand; and in the same year, probably in consequence of the transference of this duty, there was an increase of £36,000, or about 15 per cent., in the draft stamps.

But in the next year the draft stamps produced a very moderate increase, and in the year following none at all, shewing that, although the change of duty upon demand orders was taken advantage of in the first year, it produced no permanent increase

\* Stamp Duty on Bills of Exchange and Promissory Notes (Inland),  
1842—1854.

		Short date.		Long date.	
40s. and not exceeding		£s.	s. d.	s.	d.
Above	£5. 5s.	20	1 0	2	0
„	20	30	2 0	2	6
„	30	50	2 6	3	6
„	50	100	3 6	4	6
„	100	200	4 6	5	0
„	200	300	5 0	6	0
„	300	500	6 0	8	6
„	500	1,000	8 6	12	6
„	1,000	2,000	12 6	15	0
„	2,000	3,000	15 0	25	0
„	3,000	.....	25 0	30	0

in the number of drafts. On the other hand, in 1858, there was a moderate fall in the bills of exchange stamps, of which the greater part was due probably to contraction of trade, consequent upon the panic of 1857; but this was accompanied by an increase in the draft stamps of more than £140,000, being nearly 50 per cent., and, with the exception of temporary fluctuations, the amount has continued steadily to increase until 1877, when it reached the sum of £839,421. This can only be attributed to the alteration in the duty which was made in 1858, when the distinction between cheques and drafts to order was abolished, and the present stamp of one penny imposed upon all.\*

But the benefits to be derived from this step were entirely dependent upon the facilities offered to the public by the bankers. In earlier times there was an understanding, tacit or expressed, that the customer should avoid unnecessarily troubling his banker by drawing too frequent drafts. There was even in some cases a distinct rule as to the minimum amount for which cheques might be drawn. In 1832 the printed regulations issued by the Bank of England to their customers contained the obliging intimation that "cheques might be drawn for £5 and upwards instead of £10 and upwards, as heretofore."

It was not till 1854 that it was legal to issue or negotiate drafts for a less sum than 20s., and long after that time great uncertainty appears to have existed on the subject.

But a few years ago small cheques were very uncommon, and it was the practice of City houses, in some trades, to pay all accounts under £5 on a certain day in the week, drawing one cheque for the total and paying in coin.

There is now no limit of amount placed either by the law or by the banker, and no scruples are apparent on the part of the customer. Out of 10,000 cheques passing through the Country Clearing it was ascertained recently that 25 per cent. were for less than £5, whilst the average of the whole was less than £30.

An average of cheques passing through the Town Clearing would be less to our purpose, there being so many transactions of five or six figures, any of which would, of course, entirely destroy the value of the average. It would be found also, that, apart from these large amounts, the cheques on London private banks and joint stock head offices would be generally larger in amount than

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\* Further corroboration of this point is afforded by the increase in 1d. impressed stamps issued, which have been given in a former paper as—

1857 .....	(estimated) ..	13,000,000
1859 .....	"	36,500,000
1878 .....	"	97,000,000

*Journal of Institute of Bankers*, vol. i. p. 628.

those upon branch banks; for this purpose, then, an average of the Country Clearing is more illustrative, as it includes cheques upon many different banks, both head offices and branches, and in various parts of the country.

The most important agency in popularising the use of the cheque has been the multiplication of branch banks, and consequently of cheap banking.

A comparison merely of the total number of banks existing in the United Kingdom at any specified periods will give but a limited view of the spread of banking; whilst an analysis of their numbers and comparison of the increase of independent banks and of branch banks will afford a curious result.

In 1810 there were upwards of 800 banking offices in the kingdom, and of these, probably, not more than fifty were branch establishments. In 1840 the total number had about doubled, but included 1,100 branches. Since then, whilst the increase in branch banks has been very great, the number of separate banks has continued to decrease, being now only about 400, or less than one-eighth of the whole number of offices.

	Head Offices and Banks with only One Office.	Branches.
1810 .....	800 .....	—
1840 .....	542 .....	1133
1850 .....	463 .....	1336
1855 .....	458 .....	1462
1860 .....	419 .....	1631
1865 .....	425 .....	2130
1870 .....	396 .....	2362
1875 .....	398 .....	2874

It is by the development of the branch bank system that the opportunity of keeping a banking account has been afforded to almost the smallest tradesmen, and the use of cheques extended to the lower strata of the middle classes.

It is obvious that a branch bank can find a profit in taking accounts of a class, and upon terms, that would not sufficiently remunerate any independent banker whose position and fortune were such as to command the confidence of depositors. That at the same time the business is a very profitable one is shewn by the experience of those joint stock banks in England and Wales having the largest number of branches, as detailed below:—

	Branches.	Dividend & Bonus per cent.
London and County Banking Co. ....	157 ....	18
National Provincial Bank of England..	148 ....	21
London and Provincial Bank .....	76 ....	12½
Wilts and Dorset Banking Co. ....	64 ....	22



	Branches.	Dividend & Bonus per cent.
Capital and Counties Bank.....	64	19
Manchester & Liverpool District Bkg. Co.	64	20
North and South Wales Bank.....	60	17½
Lloyd's Banking Co. ....	43	20

Another, and most important, agency in rendering the cheque universally available has been the Country Cheque Clearing, which also dates from the close of 1858. By this arrangement a country cheque is collected as easily as one on London, and in consequence the cheque has, by its safety, superseded the use of bank notes for remittances, and by its economy and convenience supplanted the banker's draft.

I have elsewhere estimated the amount of country cheques passing through the Clearing House in London at not less than £280,000,000 per annum. This estimate was framed with studious moderation, and upon figures for the early part of 1879, a period of great depression. For the present year and upon enlarged data the amount might more justly be put at about £350,000,000, thus averaging about nearly a million and a quarter sterling per day. These transactions, if settled by bank notes, allowing only two days in currency for that special purpose, would have caused an addition of 2½ millions to the circulation.

But the effects of the establishment of the Country Cheque Clearing must not be estimated only by the amounts passing through London. It has been the immediate cause of an expansion of country banking such as could not have been looked for under former conditions, and we must therefore not omit from our calculations the large numbers of cheques paid locally, and representing business which must otherwise have been transacted by means of coin and notes.

It may perhaps be remarked that in all this we have but the substitution of cheques for notes, of one form of paper currency for another, and it may be asked if any advantage has been gained thereby. I think there is a very decided gain, and although it would require a chapter adequately to discuss the question, I may briefly indicate wherein I conceive the advantage to be.

In itself a cheque has many advantages over a bank note: whilst, almost equally convertible by the rightful holder, it may be rendered almost useless to the fraudulent possessor. By means of cheques debts involving fractional amounts may be settled at any distance with safety and convenience, whilst the paid voucher is at any subsequent time a proof of the settlement. A balance at a bank and a cheque book are in every way more safe and convenient than the holding of notes.

But I think we may also trace benefits derived by the country from the substitution of one form of currency for the other. There

are two species of note issue—public and private—and their relative merits have been the subject of much discussion. The issue of the Bank of England is practically a state issue, and those who hold that the existence of only one central issue would have many disadvantages will perhaps admit that by our cheque currency we are enabled to keep that central issue within moderate limits; whilst those who are opposed to private issues will recognise in the cheque a form of currency which, whilst supplying the place of private issues, is free from many of their faults. A country bank-note within the limits of its recognised district is freely passed without any consideration as to the real value at its back, while it is possible that during the years of its currency the position of the issuer may have very materially altered for the worse without any knowledge or suspicion of the fact on the part of the holders. This is not probable to any great extent in the case of cheques; they form practically a short-dated security, immediately determinable, and if passed from hand to hand are always taken with direct reference to the position of all the parties concerned.

To recur to the history of the depreciation of bank-notes in 1810-1815, I should venture to think that had the present form of cheque currency prevailed extensively at that time, there might not have occurred that adverse movement in the foreign exchanges that was then experienced. By the report of the Bullion Committee of 1810, this was clearly shown to be due to over issues of country notes, and though there was no want of confidence in the Bank of England, their notes shared in the depreciation. It is at least possible, that if the private liabilities had been in a form not capable of being confounded with those of the Bank of England, their discredit might not have been visible in our financial relations with other countries.

In the arrangements of the London Clearing House the last alteration of importance occurred in 1854, when the daily balances were first settled by drafts, as at present, instead of by payment in bank-notes. As widely differing impressions prevail as to the extent of the economy effected in the bank-note circulation by this arrangement, it will be well to endeavour to put our estimate on as exact a basis as circumstances will allow. An examination of the return of the daily transactions of the Clearing House for 1839\* will shew that the largest amount of bank-notes used in one day for the payment of balances was £593,300, the smallest £108,000, and the average for the year £213,100. Mr. Derbyshire has been good enough with the sanction of our President, to give me the aggregate balances for 1879-80, and I find that they range

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\* Appendix to Second Report of Committee on Banks of Issue, 1841.

from £1,140,000 to £5,534,000, giving a daily average of £2,068,000. Thus whilst the totals of the clearing increased in the period 1839-79 from 954 millions to 5,266 millions, or by some 450 per cent., the average balances increased by 900 per cent.

This is contrary to all expectation, as, speaking theoretically, there would be no reason to expect that the balances between an aggregate of very numerous transactions would be very much greater than those between a moderate number of amounts. Indeed any great increase would be looked for only when the individual transactions were much larger. Mr. Babbage, in his analysis of the Clearing House returns for 1839\*, says : "*The general principle seems to be that the larger the clearing the smaller is the percentage of bank-notes used in the operation.*" Not only was the *percentage* smaller, but in many cases the actual amounts were smaller, as may be seen by the following daily transactions, also selected from the amounts for 1839, and which present a curious and conclusive contrast :—

	Total of clearing		Bank-notes used.
Smallest clearing of year ..	£1,529,700	..	£140,000
	2,082,200	..	108,000 minimum of year.
	3,238,200	..	593,300 maximum of year.
Largest clearing of year ..	6,209,900	..	271,300

Still more significant are the following instances of disproportionate balances taken from the country clearing of a city banking-house :—

Day's clearing	£184,000	Balance	£62,000 = 33·7	per cent.
"	173,000	"	53,000 = 30·6	"
"	228,000	"	466 = —·2	"
"	193,000	"	8 = —·004	"

There appears, then, to be no direct relation between the extent of the day's transactions and the amount of the balances required to settle them, and the very great difference between the balances of 1839 and those of 1879-80 is clearly not to be attributed to the increase in amounts cleared, but will be found to be almost entirely due to the peculiar arrangement, made in 1864 and still subsisting, whereby the Bank of England clears on one side only, and presents all claims upon other bankers through the clearing, whilst they present all claims upon the Bank of England by paying them in to their respective accounts, thus having most frequently a debit balance in the clearing. This arrangement would, under the old system of payment in bank-notes, have been costly to the Bank of England, and intolerable to the other bankers, and would probably have been neither proposed nor consented to.

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\* Journal of Statistical Society, vol. ix., p. 19.

These considerations will show that we should not be warranted in estimating the decrease in the circulation, owing to the alteration of the Clearing House rules in 1854, at a very large amount; but whatever was its exact extent, it should be remembered that, under the Act of 1844, increased issues of notes require to a certain extent the withdrawal of coin from circulation, and so economy in this branch is not without its effect upon the coinage.

Upon the mere enumeration the foregoing improvements may perhaps appear too insignificant to warrant our ascribing to them any important influence upon the currency; but the most solid advances are rarely due to the most radical changes, they are rather produced by the gradual adaptation of existing institutions to new circumstances.

It is by these almost imperceptible stages that the cheque has attained to its present importance. The extension of branch banks and of cheap banking, by collecting into a few channels the floating cash of every district and rendering the settlement of every transaction a matter of account, must have considerably economised the use of all other species of currency.

To what extent this has been accomplished it is probably impossible accurately to ascertain, but we may, at least, by examining the variations in the proportions of the several parts of the circulating medium during the twenty years 1858-77, obtain some information which will assist us in forming our conclusions.

### BILLS OF EXCHANGE.

Of all the branches of the circulation, the first to claim our attention, pre-eminent both for the magnitude and character of the transactions carried on by its means, is that of bills of exchange. Although not equalling in annual amount the total of the Clearing House returns, the amount in circulation at any one time far exceeds that of all the other parts of the currency combined. In making a calculation of the amount of bills of exchange annually created during the period 1858-77 a plan may be adopted different from those upon which estimates for previous periods have been made. The elaborate series of returns and calculations employed by Mr. Newmarch in preparing the paper laid before the Statistical Society in 1851 were rendered necessary by the very complicated tariff of duties then in force. In the scale of 1842-54 not only was the rate for small bills out of all proportion to that charged on large amounts, but the matter was still further complicated by different duties for foreign bills and inland bills, and in the latter class again for short or long dated bills. A part of the period investigated by Mr.

Palgrave in his "Notes of Banking" was also subject to the same difficulties requiring similar means to overcome them. The changes which were effected in the scale in 1854 comprised the assimilation of the rates of duty on foreign and inland bills, the abolition of the distinction as to tenor of the latter, and the proportionate equalisation of the rates chargeable on bills below £100 with those on larger amounts, although two or three arbitrary rates were still retained. In 1870 all these irregularities were removed, the distinction between foreign and inland drafts on demand abolished, and the present simple scale of 1s. per cent. for all drafts payable otherwise than on demand was substituted. The means of arriving at just conclusions as to the amounts of bills created in recent years may therefore be proportionately simplified, while the results obtained may be, I think, relied upon with even greater confidence.

We may employ two methods, answering respectively to the inductive and deductive methods of reasoning.

We may, by an examination of actual bills drawn, determine the general ratio between the full amounts covered by the stamps and the amounts drawn upon them.

We may, on the other hand, by a consideration of the possible and probable differences upon each denomination of stamp, together with the number of such stamps sold, arrive at an estimate of the actual amounts drawn for.

In making a calculation upon the first of these plans I have examined the amounts of a considerable number of bills, and with the following results:—Upon bills of £100 and under, mostly retail trade bills, and such as usually fall due on the 4th and 18th of the month, the amounts drawn for ranged from 14 to 26 per cent. below the amounts covered by the stamps; and although small parcels differed considerably, calculated in the gross they gave tolerably even averages of from 20 to 24 per cent. Upon bills, chiefly inland, ranging between £100 and £300, the average was 20 to 35 per cent. below; whilst on large bills, on what may be called financial bills, and foreign bills, the rate of deduction was only from 2·33 to 5·75 per cent. It remained then to determine, as nearly as might be, the proportion which each of these classes of bills bore to the whole amount created. Taking the Inland Revenue returns of stamps sold, I find that upon the average of three years 1874-6 the revenue was derived in the following proportion, viz :—

From stamps of 1s. and under—17 per cent.

„	„	2s. and 3s.	„	18	„
„	„	above 3s.	„	65	„

or in round figures, say one-sixth of each of the first two classes, and two-thirds of the last. The very small proportion of the first class of bills may be corroborated by another consideration. The average daily amount passing through the London Clearing House last year, excluding "Fourths of the month" and "Settling days," was nearly 15 millions sterling. The average of the "Fourths" was 18 millions, giving only 36 millions extra during the year, and although, of course, that is but a small proportion of the small trade bills, yet, considering that the total bills created during the year amounted probably to more than 1,300 millions sterling, it shows that, although a very numerous class, one-sixth of the whole is a full estimate. Upon these facts I have therefore estimated the deduction from the full amounts covered by the stamps sold, as—

$$\begin{array}{rcl}
 66\cdot66 & @ & 5\% = 3\cdot33 \\
 16\cdot66 & @ & 22\% = 3\cdot66 \\
 16\cdot66 & @ & 30\% = 5\cdot \\
 \hline
 100 & & 12\%
 \end{array}$$

The result thus obtained has been submitted to the test of the opposite method of reasoning.

The greatest possible difference in bills drawn upon any given denomination of stamp is at once obvious, and the mean difference not less so. It is most probable that in any extended series of transactions, at least any so extensive as the whole commerce of Great Britain, the bills above the mean would balance those below it, unless there were any tendency to draw bills for special amounts which might disturb the average. To whatever extent such a tendency may exist, it is in the direction of drawing for round or even amounts; and if the cost of the stamp is considered at all it is certainly with a view to economy. Therefore we may assume, with considerable probability, that if the average amount drawn should vary from the mean difference, it would be somewhat in excess thereof.

A 9d. stamp would cover £75, the least amount drawn upon it would be a fraction over £50, the greatest difference £25, and the mean difference £12. 10s.; giving a deduction of one-sixth or 16.66 per cent. on £75.

On a 2s. stamp the mean difference of £50 would represent 25 per cent. on £200, the full amount covered; but in larger amounts the proportion rapidly decreases till upon a 50s. stamp the mean rate of deduction is no more than 1 per cent. Taking then the year 1876-7, the latest for which the numbers of each denomination of stamps sold are yet obtainable, and applying this method to each class of stamp, we have a calculation, which though simple as to

form is of considerable length, and of which three lines will be sufficient to give here:—

Denomination.	Number.	Value in Shillings.	Sterling amount covered.	Lowest amount covered by each.	Highest amount covered by each.	Mean difference and rate per cent.	Amount of deduction.
s. d.			£	£	£	£	£
0 6	1,584,919	792,459	79,245,900	25	50	12 10=25%	19,811,475
1 0	810,749	810,749	81,074,900	75	100	12 10=12½%	10,134,362
10 0	172,370	1,723,700	172,370,000	100	1,000	50 0 5%	8,618,500

The net result for the year quoted gives as the probable amount of bills created £1,374,425,920.

By the first method we have—

*Value of stamps*, £780,434 × 2000—12% = £1,373,563,840.

Although the amounts thus obtained are in excess of former calculations, the agreement between the two results is, I would submit, sufficient to reassure us as to the correctness of the estimate; and more especially as the effect of any disturbing tendency would go to increase the amount. Further, on the same point, I must note that 1s. and 2s. stamps, on which we have reckoned considerable deductions, are frequently used to affix to foreign bills of much larger amounts.

Calculation upon the above formula will, however, carry us back only to the year 1870; for the years 1854-70 the computation is disturbed by the arbitrary scale of duties on bills above £500, viz.:—

£	£	s. d.
500	750	7 6
750	1,000	10 0
1,000	1,500	15 0
1,500	2,000	20 0
2,000	3,000	30 0
3,000	4,000	40 0
Above 4,000	—	45 0 (from 1854 to 1861.)

It was the comparatively small rate of variation between largest

and smallest amounts covered by the stamps in this class of bills that materially reduced the general rate of deduction in the estimate just discussed, and it is evident, therefore, that a considerable allowance must be made for the peculiarities of the scale 1854-70.

It is, however, probable that to some extent the difference was modified by splitting the amounts drawn for; thus £600 would most likely have been drawn in two amounts upon a 5s. and a 1s. stamp, instead of upon one for 7s. 6d. In order to make a full allowance for the difference, I have therefore deducted, for the years prior to 1870, 3 per cent. more, making 15 per cent.

The results of these calculations, viz:—

1858—1869 @ *value of stamps* × 2000—15 per cent.

1870—1877 @     "         "         " × 2000—12 per cent.

are given in Table I., Column 3.

Whilst these may be taken with, I think, tolerable confidence, as the amounts of bills created in the respective years, we must briefly inquire what proportion was probably in circulation at any one time.

In previous calculations the average tenor of the bills formed an important element, but I can hardly pretend to give now any estimate in that respect. Our inquiry, extending as it does over 20 years, renders it probably impossible to make any reliable calculations. The tenor of the bills drawn in any trade will vary somewhat with the state of trade, lengthening when business is slack, shortening when it is brisk. Besides, in such a period as twenty years the practice of trades may vary, as is shown by the important alteration in the usance of the Indian and China trades during the last few years.

Again, whatever might be the average with regard to the number of bills, it would probably alter very much when amounts were considered, larger amounts tending towards longer dates. But, although it might possibly be not altogether wide of the mark to assume the average tenor to be three months, and one-fourth of the annual amount to be extant at any given time, the amount in circulation would be altogether a different question. Whether bills of exchange are, or are not, currency, has been in former years the subject of much controversy; but, whatever may be the decision with regard to these instruments in the abstract, I think it can hardly be denied that practically they are not always so.

It is well known that a large proportion, both in number and amount, of bills are created mainly for the purpose of discounting, and of these again a considerable portion within a short period reach the hands of London bankers. It is a maxim, I believe



I might say an inflexible maxim, with London bankers never to re-discount; therefore, when once bills are lodged in their bill cases they are practically no longer currency, any more than are debentures or other definitely terminable interest-bearing securities—not so much so in fact as are Exchequer Bills.

The amount of bills thus permanently withdrawn from circulation during probably three-fourths of their existence must be very large, as may be seen by the following figures :—

Discounts of Six London Joint Stock Banks, stating their discounts separately .. .. .	£15,879,000
Do. of Six London Joint Stock Banks (including Bank of England) at say one-half their total advances .. .. .	33,160,000
	<hr/>
	£49,039,000

To this we might add the amounts of acceptances of London Joint Stock Banks, other acceptances being most generally held against them, = £13,919,000—which with a moderate estimate, for the private bankers, would bring the total in the hands of London bankers to not less than 85 millions sterling. The whole of these bills may be said to be purely investments, differing only from other investments in that the interest has been paid beforehand, and that they are not likely to be sold or dealt in further than by presentation for payment at maturity.

The same is probably true of the bills held by some of the large country banks, and particularly by the Scotch and Irish banks, in which case, as the latter have between them some 40 millions of discounts, the above figures might be very considerably increased.

There is another class of bills, bankers' short-dated drafts and bank post bills, which are perhaps more entirely in circulation, and of which the amounts are given in Column 4.

The average circulation of these bills in England and Wales may be calculated with tolerable precision; but it is impossible to quote the amounts for Scotland and Ireland as the duty is not paid in London and is subject to special arrangements.

TABLE I.

000 omitted, thus 28,563—28,563,000.

Year.	UNITED KINGDOM.			ENGLAND AND WALES.
	1 Population.	2 Annual Totals.		4 Average circulation bank post bills, &c.
		Imports & exports.	Bills created.	
		£	£	£
1858 .....	28,563	304,367	807,814	3,798
9 .....	28,727	334,875	886,259	3,454
60 .....	28,826	375,052	1,003,039	2,856
1 .....	28,985	377,118	959,640	2,914
2 .....	29,169	391,885	992,135	3,149
3 .....	29,355	445,821	1,145,504	3,475
4 .....	29,629	487,572	1,324,868	3,733
5 .....	29,862	489,904	1,329,954	3,399
6 .....	30,077	534,196	1,267,025	3,468
7 .....	30,335	500,986	1,196,902	3,026
8 .....	30,618	522,472	1,199,659	3,197
9 .....	30,914	532,475	1,242,717	3,132
70 .....	31,205	547,338	1,365,566	3,242
1 .....	31,513	614,590	1,512,458	3,536
2 .....	31,836	669,282	1,711,188	3,903
3 .....	32,125	682,292	1,759,303	3,942
4 .....	32,426	667,733	1,617,984	3,538
5 .....	32,749	655,552	1,529,671	3,313
6 .....	33,093	631,931	1,373,564	3,064
7 .....	33,447	646,766	1,372,981	4,261

On examining the third column of the above table, we can trace no special features that may be ascribed to the influence of banking arrangements, nor should we expect to find any appearance other than steady increase, notwithstanding temporary fluctuations due to good or bad seasons.

The last column, however, exhibits fluctuations, but without general increase; and this, I think, we may fairly attribute to the increased use of cheques generally, and more particularly to the facilities afforded by the Country Cheque Clearing, which has rendered country cheques available for remittances that were formerly made by bankers' drafts. Attention will naturally be attracted by the remarkable increase in the amount of these drafts in circulation in 1877, I should therefore mention that the next year shewed a decrease no less remarkable, the average amount being £2,609,000, or less than any other year quoted.

## BANK NOTES.

In comparison with bills of exchange, the bank note circulation offers but few difficulties, whilst it is the quarter in which we might most confidently look for palpable evidence of the economy of our arrangements. Some slight embarrassment is caused by the superabundance of statistics. There are averages calculated weekly, monthly, quarterly, and annually, and which, by the peculiar method adopted for their calculation, do not exactly agree. There are also discrepancies to be found in most of the published tables. I have therefore compiled the following table upon the returns to be found in the "Miscellaneous Statistics of the United Kingdom." The figures for 1877 not being yet published, I have made the calculation for that year upon the monthly average in the "Statistical Abstract for the United Kingdom."

TABLE II.

## BANK NOTE CIRCULATION.

000 omitted, thus £20,222 = £20,222,000.

Year.	ENGLAND AND WALES.				SCOTLAND.		IRELAND.	
	Bank of England.	Private and Joint Stock.	Total Circulation.	Population.	Circulation.	Population.	Circulation.	Population.
	£	£	£		£		£	
1858	20,222	6,012	26,234	19,523	3,814	3,016	6,183	6,025
9	21,318	6,429	27,747	19,746	4,111	3,032	6,870	5,949
60	21,251	6,457	27,708	19,903	4,227	3,049	6,840	5,874
1	20,008	6,114	26,122	20,119	4,200	3,067	6,267	5,799
2	20,833	6,114	26,947	20,336	4,153	3,084	6,658	5,749
3	20,680	6,025	26,705	20,554	4,201	3,101	5,406	5,700
4	20,580	5,959	26,539	20,834	4,254	3,156	5,607	5,638
5	21,096	5,794	26,890	21,085	4,383	3,185	5,987	5,592
6	23,197	5,042	28,239	21,343	4,440	3,214	5,884	5,520
7	23,465	5,041	28,506	21,608	4,566	3,244	5,811	5,482
8	23,933	5,042	28,975	21,882	4,609	3,274	6,181	5,461
9	23,450	5,063	28,513	22,165	4,730	3,305	6,608	5,444
70	23,306	4,885	28,191	22,457	4,933	3,335	6,880	5,413
1	24,406	5,047	29,453	22,760	5,178	3,366	7,544	5,387
2	26,519	5,098	30,617	23,068	5,332	3,399	7,674	5,369
3	25,661	5,059	30,720	23,356	5,634	3,431	7,077	5,337
4	26,261	4,918	31,179	23,649	5,905	3,463	6,772	5,316
5	27,330	4,808	32,138	23,944	6,050	3,495	7,064	5,309
6	27,729	4,709	32,438	24,244	6,099	3,528	7,499	5,322
7	27,735	4,488	32,223	24,547	6,243	3,561	7,332	5,330

The separation, as above, of the issues of each division of the United Kingdom is especially necessary for considering the influence which the increased use of cheques has had upon the quantity of bank notes required.

The circulation of the Bank of England, taken by itself, shows an increase of 37 per cent. as compared with an increase of nearly 26 per cent. in the population, but of this a portion must be regarded only as taking the place of the decreasing private issues; and it must be remarked that as the increase in the Bank of England issues against securities has been only £1,000,000, whilst the decrease in the other issues is £2,500,000, there has been in a certain sense a contraction of the currency.

On viewing the increase in the entire circulation of England and Wales, we find it to be 23 per cent., or less than that in the population of the same division, leaving the whole of the extra accommodation required by the vast increase in trade during the same time to be supplied by the other arrangements of our banking system.

In Scotland we have, with an increase of population of 18 per cent., a circulation increased by 64 per cent. It must be noted, that in the year 1858 the Scotch circulation was rather below its usual amount, owing to the failure in the previous year of the Western Bank of Scotland, but the difference did not amount to more than 5 per cent.

In Ireland, with a population decreased by 11 per cent., there has been an increase of 19 per cent. in the bank note circulation, or an increase in proportion of 34 per cent.

The progress of the population and circulation of each division of the United Kingdom during the twenty years 1858-77, is then—

	Population.		Bank Note Circulation.	
England and Wales	....	Increase, 26 per cent. ....	Increase, 23 per cent.	
Scotland .....	..	18 " " ....	" 64 " "	"
Ireland .....	Decrease, 11	" " " ....	" 19 " "	"

The contrast will be heightened by a consideration of one material difference between a circulation of private issues and one consisting of a single central issue. In the former case, the amount given as the average circulation includes only the notes actually in the hands of the public, and large reserves may be provided in the tills of the various offices without increasing the nominal circulation.

All the bank offices of Scotland and four-fifths of those of Ireland are offices of issue, and thus the circulation of these countries represents notes entirely in the hands of the public. In England and Wales there are only about 990 which are offices of issue out of a total of about 2,200. Of these, again, the greater number, and those having the largest amount in circulation, are situated in

districts comparatively remote from the great centres of activity; whilst, of those in busy towns, many use a considerable amount of Bank of England notes. The great banks of London, Liverpool and Manchester stock their tills entirely with Bank of England notes, which are already included in the recorded circulation. If all the banking offices of England and Wales were offices of issue, the circulation would probably appear quite two millions less than at present.

It must be admitted too, that the contrast we have observed in the growth of the circulation is not to be attributed to any deficiency of banking accommodation, either in Scotland or Ireland, the proportion between banking offices and inhabitants in 1879 being—

England and Wales .....	1 to 15,859
Scotland .....	1 to 3,808
Ireland .....	1 to 11,970

But the difference I have just mentioned between private issues and one central issue would cause the multiplication of banking offices to have varying effects in the different divisions of the kingdom.

With private issues the increase of banking offices would tend to diminish the circulation. Where offices are few and far between, there would be a tendency, in order to avoid frequent journeys, to draw and lay by in notes sufficient money to last for some time. This would be rendered unnecessary by the increase of offices, and therefore a part of the notes would remain in the hands of the banker until wanted.

With one central issue the first effect would be the same, but the notes required by the bankers to stock the tills of the new offices would be included in the amount in circulation. And while the notes saved in the first instance would be to the extent of one class of business only, namely, that directly between the depositor and the bank, those required in the other case would be to provide for all classes of business undertaken by the new office.

We thus see that the nominal amount of the bank note circulation of England and Wales has probably been increased by the increase of banking offices, while on the other hand the *nominal* circulation of Scotland and Ireland may have been decreased by the same cause.

If, then, the important difference in the growth of the circulation of the three divisions of the United Kingdom is not attributable to deficiency or abundance of banking accommodation, to what must we ascribe it if not to the extension and perfection of our cheque system, which enables few offices and few notes effectually to perform the work of many.

An instructive comparison may also be drawn by considering the relations between the progress of trade and the circulation in France during the last twenty-five years, as far as the figures at command will enable us to do so.

GREAT BRITAIN AND IRELAND.				FRANCE.			
Year.	Population.	Imports & Exports.	Bank Note Circulation.	Population.	Imports & Exports.	Bank Note Circulation.	Year.
		£	£		£	£	
1851 ..	27,893	193,713	33,376	35,783	74,352	21,160	1851
1856 ..	28,011	311,765	37,183	36,139	*	25,600	1856
1861 ..	28,985	377,118	36,589	37,386	229,824	30,080	1861
1866 ..	30,077	534,198	38,563	*	325,044	37,480	1866
1871 ..	31,513	614,590	42,175	36,103	†289,257	81,520	1871
1876 ..	33,093	631,931	46,036	36,906	378,252	99,880	1876

\* No information obtainable,  
† Year of Franco-German War.

We see, then, that in France, with a population nearly stationary, the circulation has increased almost exactly in proportion to the trade; whilst in Great Britain, with an increase in population of 21 per cent., and in imports and exports of 225 per cent., we have an increase in the note circulation of only 33 per cent.

Although it must be admitted that opposite appearances in the two countries may not be altogether due to opposite causes, yet, after making every allowance for difference in national habits, the above facts, coupled with the knowledge that in France the use of the cheque is not nearly so extensive as here, will surely warrant us in attributing some part, at least, of the result to the convenience of that instrument.

### COIN.

It would not be possible to discuss this subject in a satisfactory manner without taking into account the variations in the amount of coin in circulation; yet on this point, although by no means the least important, the available information is the least definite. Up till the year 1868 there was no attempt to ascertain the amount of coin in circulation in the country except by estimate, and these estimates, although made by the most competent authorities, differed widely; so that the Royal Commission of 1867 on International Coinage said in their report: "*It is impossible to ascertain the*

*actual amount of sovereigns and half-sovereigns in circulation, the estimates varying from 80 to 120 millions."* In the following year Professor Jevons presented to the Statistical Society the result of a careful inquiry into the matter, and quoted the probable amount then in circulation as—

Gold	..	..	..	..	..	..	80 millions.
Silver	..	..	..	..	..	..	14 millions.
Bronze and copper	..	..	..	..	..	..	1 million.
							<hr/>
							95 millions.

The abundance of statistical information now at command has induced me to attempt in Table III. to give the annual variations in the amount in circulation during the twenty years 1858-77.

The table shows—

Column 1....	The total coinage in each year.
2....	„ imports of British coin.
3....	„ exports of „ „
4....	„ light and worn coin withdrawn by the Mint.
5....	Allowance for loss by melting and unregistered export.
6....	Variations in amount of coin in the country.
7....	Average of coin in Issue Department of Bank of England.
8....	Average extra issue of Scotch and Irish Banks.
9....	Variations in amount of coin in circulation.
10....	Probable amount of coin in circulation.

Of these, the first four are based upon official returns and require no explanation further than the remark that they include the whole coinage—gold, silver, and bronze.

For the amounts of "light and worn coin withdrawn," I am indebted to the courtesy of the Deputy-Master of the Mint.

Column 5 is purely estimate, and although I am, therefore, reluctant to admit it, is yet a point impossible to be altogether left out.

There is, most unquestionably, a constant diminution of the coinage by melting and by unregistered export, and that to an extent which must be considerable, but of which it is impossible to obtain any exact information.

Of the unregistered export we can, of course, speak only by inference. Large numbers of emigrants leave these shores every year, and although there may be many who transfer their means by letter of credit, and many more who are penniless, there are probably still larger numbers who manage to carry a few pounds with them that they may not land in a new country entirely without resources. Of course we cannot even guess the proportion that do thus provide themselves, still less the average amount of their provision; but we may be certain that a considerable amount of coin leaves the

country in this way, and when it comes back again is included in the "imports of British coin." On this head I can only mention, as an indication, that in the period 1858-77 upwards of three millions of emigrants left the country.

Of the amount of coin melted it is still more difficult to speak with anything like accuracy; the information is still more vague and the amount involved probably very much greater.

The Deputy-Master of the Mint, in his report for 1870, referred to one reason for melting coin. He said: "*It is to be apprehended also that working jewellers are in the habit of making use of large quantities of sovereigns in the business of their trade, owing to the convenience of being able to obtain by this means gold of a known standard.*" Professor Jevons, in 1868, in his paper on "Coinage" before mentioned, refers to—"the selection and melting of newly-issued coin, which is believed to be extensively carried on by the largest and most respectable firms of capitalists and bullion dealers. No precise information can be procured as to the amount of the newest and heaviest coins thus destroyed, but they may be asserted to amount to millions in the course of the few last years. \* \* \* I have satisfied myself, by working from my own maximum estimate of 80 millions backwards to the year 1852, that there is from 20 to 25 millions of coinage which is not to be accounted for by the Custom House returns, and which must have disappeared by melting or secret exportation during that interval."

For the diminution from these causes I have in Column 5 allowed half-a-million sterling per annum; an amount which I think we may be certain has been reached, and most probably has been considerably exceeded.

In Column 6, then, we have the amount added to or deducted from the coinage in the country in each year; but all even of these reduced amounts has not been put into circulation. The operation of the Act of 1844 has had an important influence upon this point. That Act was based upon the principle that all bank notes issued beyond a certain amount should be strictly representative of coin or bullion. In the case of the Scotch and Irish banks, the carrying out of the Act requires the withdrawal from circulation of coin to whatever amount their issues may be beyond the fixed limit. These increased issues are therefore no increase of the currency as a whole, they are merely the substitution of one form for another. The extra issue of the Bank of England has the same effect in part only. A part of these issues is made against uncoined bullion, and is, therefore, the means of putting immediately into circulation gold which, if sent to the Mint for coinage, would not be available for a considerable period. But a part, and in late years a large part, of these issues is made against coin held by the Issue Department.

The average amount so held in each year will be found in Column 7, and in respect of this it is clear, that if the bank notes



are considered as added to the circulation of the country this amount of coin must be deducted therefrom, as it must also be already included in Columns 1 or 2, "gold coined," or "gold imported."

In Column 8 will be found the real amount by which the issues of the Scotch and Irish banks exceeded their authorised limits, and consequently the amount of coin which it is to be supposed they held over and above that which they would otherwise have held. Those who are interested enough to examine these returns will probably find great difficulty in reconciling this last-named column with any of the published tables, it will therefore be desirable to explain the mode adopted in its calculation. A comparison of the total issue authorised for Scotland and Ireland, either together or separately, with the total average issue of any one year, does not give the real excess of issue, as the following instance will show. Take the year 1863, when the Irish issue was at its lowest:—

Authorised issue—Scotland	£2,749,000	Actual issue—Scotland....	£4,201,000
„ Ireland	6,354,000	„ Ireland ....	5,405,000
	<hr/>		<hr/>
	£9,103,000		£9,606,000

This would give only £500,000 of extra coin required to be held, but if the issues were taken separately, £1,452,000 would be the amount. This, however, is not the real amount, because the circulation of the Bank of Ireland was £1,300,000 below the limit, and that of the other banks nearly £358,000 above, so that the real total of extra issues for that year was £1,810,000. During the whole of the period under consideration the issues of the Bank of Ireland have invariably been below their authorised limit and those of the other Irish banks almost invariably above.

It must not be supposed that in these amounts we are in any way dealing with the cash always required to be kept on hand by bankers. This is, of course, actually in circulation as much as if it was in the tills of the tradesmen or the pockets of the people; and the real advantage of the cheque and clearing system is in the fact that a moderate total in the tills of the bankers answers all the purposes of a very much larger amount distributed in many thousands of hands. The amounts in Column 7 are entirely distinct from the considerable amount of coin in the banking department of the Bank of England; and the amounts in Column 8 are much below the cash at head offices, as quoted by the Scotch and Irish banks in their returns to Government.

TABLE III.

YEAR.	Accretions.		Deductions.			Variations in amount of coin in country.		7 Coin in Bank of England.	8 Extra issues of Scotch and Irish Banks.	9 Variations in amount of coin in circulation.		10 Probable coin in circulation.
	1 Total Coined.	2 Total Imports.	3 Total Exports.	4 Worn Coin withdrawn.	5 Loss by melting, &c.	6				Increase.	Decrease.	
						Increase.	Decrease.					
1857....	£ ..	£ ..	£ ..	£ ..	£ ..	£ ..	£ ..	£ 5,182 <sup>b</sup>	£ ..	£ ..	£ 85,000 6,925	
1858....	1,690	1,315	1,811	469	500	2,652	..	6,612	1,408	871	78,075	
9....	3,305	1,493	1,215	431	500	..	908	7,079	2,210	..	77,204	
60....	3,378	187	3,351	622	500	..	863	7,445	2,415	1,383	78,587	
1....	8,673	729	8,932	823	500	3,207	..	6,068	2,168	781	77,108	
2....	8,338	1,892	5,360	1,163	500	1,199	..	6,937	1,839	2,667	77,889	
3....	7,310	1,640	6,337	914	500	4,461	..	6,955	1,810	1,200	80,556	
4....	10,089	771	5,131	768	500	388	..	6,400	2,019	4,807	81,756	
5....	2,927	2,289	3,456	872	500	3,958	..	8,307	2,417	4,087	86,563	
6....	5,621	4,144	4,133	1,174	500	..	129	8,162	2,433	1,917	84,646	
7....	723	2,164	1,369	1,147	500	..	1,935	9,203	2,526	..	88,733	
8....	1,971	1,464	3,824	1,046	500	5,565	..	8,254	2,782	1,263	87,470	
9....	7,470	2,619	3,124	900	500	269	..	9,745	3,049	..	86,278	
70....	2,683	3,232	4,434	712	500	4,335	..	9,351	3,439	264	90,085	
1....	10,629	2,769	7,756	807	500	7,124	..	7,474	4,191	5,470	90,299	
2....	16,553	657	8,696	890	500	..	398	4,974	4,392	9,423	105,192	
3....	4,512	2,786	6,057	1,139	500	..	225	10,466	4,279	556	99,415	
4....	2,418	2,469	4,434	178	500	..	2,202	9,531	4,433	860	99,971	
5....	907	4,098	4,411	2,296	500	1,988	..	7,823	4,799	..	98,032	
6....	4,980	5,670	7,145	917	500	1,399	..	10,595	5,094	1,079	98,421	
7....	1,454	5,580	4,368	1,767	500	..	..	£ ..	389	..	98,421	
	105,631	47,868	95,344	19,035	10,000	35,770	6,650	..	34,784	14,438	..	
				Balance..	Balance..	£29,120,000	£20,346,000					

† The apparent decrease in 1865 and 1873 is probably owing to the extensive coining of the previous years having come into the Bank late, and consequently not having fully affected the totals in the Issue Department till the following year.

‡ Figures not yet published.

From the above table we see that from 1858 to 1877 we coined in round figures 105 millions, and imported 48 millions; whilst, on the other hand, we exported 95 millions, withdrew 19 millions, and, allowing only 10 millions for deductions, as explained, have added to the coinage a net balance of 29 millions.

The question now arises—What was the amount of the coinage in 1858?

Mr. Giffen estimates\* the gold coinage in 1850 at 60 millions, and the increase at about two millions per annum.

Mr. Newmarch estimated the amount of gold coinage in 1856 at 70 to 75 millions.

Allowing, then, about 10 millions for silver and bronze coin, we may fairly take, on both these estimates, the coinage in 1858 at about 85 millions. Upon this basis the addition during the twenty years of 29 millions is only an increase of 34 per cent.; whilst, taking the net addition to the coin in circulation, as shown in Column 9, the increase of 20 millions is slightly under 26 per cent.

This, it must be remembered, is the maximum increase, and we can hardly doubt that if it were possible to obtain corrections of Column 5 they would be in augmentation thereof, and still further reduce the result here quoted. If the diminution under that head be, as Professor Jevons suggested, to the extent of 20 to 25 millions in 16 years (25 to 31 millions in 20 years), we should have to deduct a further 15 or 21 millions, bringing the net increase of coin in circulation to six millions, or even to *nil*.

Comparing the above result with other particulars we have—

#### UNITED KINGDOM.

	Popula- tion.	Imports and Exports.	Bills of Exchange.	Coinage.	Bank Notes.	Bank Notes.		
						England and Wales.	Scotland.	Ireland.
1858	100	100	100	100	100	100	100	100
1877	117	213	170	126	126	123	164	134

It cannot be doubted that we have here evidence of an economising substitute, more especially when we consider the very much greater requirements upon the coinage for daily use caused by many circumstances of social life in recent years.

\* Essays in Finance.

Among these is the important movement in favour of cash trading which has lately formed so notable a feature in our distributive trades. I do not refer merely to the very large annual transactions of the numerous co-operative societies, or of the still more numerous trading concerns assuming that title. Their aggregate trade is extensive, but is small in comparison with the amounts turned over by thousands of tradesmen in every part of the kingdom, who have all, more or less, adopted a system of cash trading, and have, of course, handled a very much larger amount of cash than formerly.

Again, their individual rates of profit have very much decreased, and therefore, although the income assessed under Schedule D increased from £84,724,589 in 1858 to £256,908,743 in 1877, we may be sure that the turnover increased in a much larger proportion.

We must also notice the increase that has taken place in wages during the period.

The amount of income of the wage-earning classes has been estimated at upwards of 500 millions per annum, the weekly payments must therefore amount to somewhere about 10 millions, all of which must be paid in coin. Every increase of wages will therefore require a considerable amount of additional coin; and, without entering into the vexed question of whether the working classes are or are not better off than they were, it is, I apprehend, undoubted that the nominal amount of their wages has increased considerably. Indeed, the same may be said generally of the whole population, for all, whether they are any the better for it or not, spend much more than they did twenty years ago.

Bearing in mind, then, all these considerations, we are, I think, fairly entitled to say that during these twenty years, notwithstanding the increase of population, notwithstanding the vast increase of trade and our increased social activity, there has been a decided economisation of the coined currency.

#### CLEARING HOUSE.

We have now reached the last point in the inquiry, the last term in our calculation, and one which, for all the years between 1839 and 1867, must remain an unknown quantity.

It is certainly a subject for very great regret that the totals of transactions passing through the London Clearing House should not have been recorded for these years; but it must be borne in mind that they are, after all, only indications of our annual transactions.

Large as are the amounts which are quoted below, they are but a portion, perhaps a small portion, of those passing through the banks of the United Kingdom. Those conversant with the working

of large London banks are aware that the clearing forms very often not more than half of the day's total ; and (even setting aside the considerable amounts of cross entries and adjustments between one office or set of books and another) the amounts paid over the counter, the cheques and transfers passing between various accounts, and the cheques payable out of the clearing, form together a very large item.

Still more important are these considerations with regard to country banks, where of the whole transactions of the day, only the country cheque clearing, the drafts and bills payable in London, and the balance of exchange between themselves and other banks of the same town go to swell the amounts passing through the London Clearing House.

The business of the Scotch and Irish banks is still less represented here, as by their own clearing houses, and their extensive system of exchange both of notes and drafts, only balances small in proportion are settled in London.

Subjoined are the amounts passing through the London Clearing House in the only years of which accounts have been preserved, and also those passing through the Manchester Clearing House since its establishment :—

TABLE IV.

000 omitted, thus £264,402 = £264,402,000.

LONDON.		MANCHESTER.	
	£		£
1839 .....	954,402	....	....
1867-8 .....	3,257,411	....	....
1868-9 .....	3,534,039	....	....
1869-70 .....	3,720,623	....	....
1870-1 .....	4,018,464	....	....
1871-2 .....	5,359,722	....	....
1872-3 .....	6,003,335	1872 (July to Dec.)	32,341
1873-4 .....	6,993,686	1873 .....	72,806
1874-5 .....	6,013,299	1874 .....	76,113
1875-6 .....	6,407,243	1875 .....	81,114
1876-7 .....	4,873,000	1876 .....	81,273
1877-8 .....	6,066,633	1877 .....	85,896
1878-9 .....	4,885,091	1878 .....	85,706
1879-80 .....	5,265,976	1879 .....	83,509

The time has not yet arrived to discuss these figures ; it would be out of the question to base any conclusions respecting the general circulation upon a series of returns extending over so

limited a period. Nor is the amount for 1839 of much assistance; it is impossible to say whether the rate of increase was tolerably even, or whether, if the figures for intermediate years could be obtained we should find the rate of progression since 1858 to be very much greater than before that time.

It is rather unfortunate that the first year of the present series of returns should be 1867, a year of almost unparalleled depression, and it is probable that the amounts of the two or three years preceding were considerably larger. One observation only we may make, that the thirteen years, notwithstanding very great temporary fluctuations, shew a maintained increase of 65 per cent., which is in much greater proportion than the increase in any of the other branches of the circulation during the same period.

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We have now considered, in turn, each branch of the Circulation, and, so far as the information at our command would allow, compared the means used with the ends attained; and we have, I think, seen some reason for concluding that the development of our banking system has effected a material economy in some portions of the currency. If it might have been desired that the changes should have been more completely demonstrated, it must be admitted that the absence of statistics for earlier times, and even to some extent the incompleteness of those for later years, will account for much of the shortcoming, and will warrant the further conclusion that whatever is here exhibited is even less than the actual effects.

But it must not be supposed that the visible effects on the other branches of the circulation are the full measure of the influence of the development of banking. If no such results were apparent at all, we should be entitled to contend that, knowing the progress that has been made, proportionate convenience must have resulted to the community. It may be, on the one hand, that so much of the effect as is not apparent has been expended in filling a void that previously existed, but which want of proper opportunities of comparison prevents our now demonstrating. It might have been that the operation of the Act of 1844, and the increased demands upon the metallic currency from other causes that I have alluded to, would have produced a stringency that has only been prevented by the growth of the cheque system; and, although prevention is better than cure, it is far less obvious—it is always a success without a triumph.

On the other hand, some of the force may have been employed in creating and developing new wants that have absorbed the influences that gave them birth. If I may borrow an illustration from the science of organic development, I should say that it would be

difficult to decide whether the prolongation of the elephant's trunk is a consequence of the impossibility of its otherwise obtaining food owing to the conformation of its neck and shoulders, or whether that conformation is due to the means of sustenance having been supplied by the trunk. In like manner it may be questioned whether the growth of our banking system is altogether owing to the enormous extension of our trade, or whether perhaps some part of the latter may not be due to the opportunities afforded by the former. Among the causes that have contributed to render this country the centre of the commercial world, we may confidently reckon, as not the least considerable, the facilities for the employment and distribution of capital afforded by the development of banking.

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#### DISCUSSION ON MR. BARNETT'S PAPER.

**THE PRESIDENT:** I am sure you will agree with me in appreciating the great interest and value of this communication; but there is one question on which I would ask Mr. Barnett for a little explanation. On page 5, in reference to the taxes on drafts on demand, and the alteration of the duty to one penny, he says: "In the stamps on bills of exchange we see a considerable fall in 1855, of which, while the greater part was probably owing to the great reduction in the rates of duty, some part was, no doubt, due to the abolition of the *ad valorem* duty on drafts on demand, and in the same year, probably in consequence of the transference of this duty, there was an increase of £36,000, or about 15 per cent., in the draft stamps." I do not quite follow the argument there.

**MR. BARNETT:** There was no permanent increase in numbers till 1858-9, when the duty rose to £443,000. For, notwithstanding the transference of the duty on drafts on demand, the revenue derived from receipt and draft stamps in 1856-7 shows but a small increase, and in 1857-8 was almost the same; but in the year following, when the duty had been placed at a penny on all drafts, there was an actual increase of £140,000, which, I take it, was entirely due to the alteration of the duty.

**A MEMBER** asked what the effect of £1 Bank of England notes would be.

**MR. BARNETT:** It really would be very difficult in a few words to give an answer to that question, which goes to the very basis of our currency system, except by quoting the opinion of the chief authorities in the earlier part of the century, that a note issue of such a denomination must infallibly drive the gold currency out of the country; and I believe that is still the general opinion.

MR. JOHN G. SMITH, who called attention to the table showing the estimated amounts of cash per head of the population, and the smallness of the amount, in spite of the augmented wealth of late years, drew from this the conclusion that the branch banks which have been so numerous established have invited the confidence of the people, and that without them it would have been impossible to carry on the vast trade of which England is the centre.

MR. JOHN B. MARTIN: If there has been any hesitation in engaging in an animated discussion this evening, it arises, I think, not from want of appreciation of Mr. Barnett's paper, but from the extreme difficulty of the subject, and the ability with which he has handled it. Having read, last January, a paper on the subject of the circulation of bank notes before the Institute, I have felt an extreme interest in this paper, and there are one or two points in it which I will call attention to. In the first place, Mr. Barnett has included for the purposes of his paper bank notes, cheques, and bills, as forming a part of the circulation of the country; and it is no doubt difficult to say that a bill is not part of the circulation, seeing how many are negotiated through bankers, —although they are, in the case of discounted bills, from that moment withdrawn from the circulation. But if a bill discounted by a banker becomes part of the circulation, is it not equally the case with anything which forms the subject of transactions at the Clearing-house, such as the deposit of title-deeds, or Stock Exchange securities, whether it be Spanish bonds or the deeds of real estate, because it is all the same for the purposes of the trade of the country? In regard to the settlement at the Clearing-house, I fully agree with Mr. Barnett in the economy which is effected by that, because, previous to the 12th of May, 1854, when the London banks ceased to pay their difference in bank notes, it was not a case of withdrawing notes for so many thousand pounds from the Bank of England, but they had the great proportion of their bank notes in their own safes, and got out as many as were required; so that the bank notes were in circulation, although they were in the safes of the bankers, and the circulation was practically little affected by the amount of difference which might exist between one banker and another. With regard to the diminution of the use of bank notes there is one very interesting point, and that is the proportion of large notes to small ones, which has varied much during the last 40 years. The use of £1,000 notes has diminished, but the use of the Bank of England notes for £5 has vastly increased, and the same is the case with the country bank notes; whilst in Scotland and Ireland it is just the other way, notes of £10 and upwards having increased in use, and £5 notes having diminished. A good many explanations might be given of this. Most of us are aware of the different conditions under which bank notes are issued in Scotland, where they



are the very essence of banking, whilst in England they are supplementary only. Again, a difference in estimating the average circulation arises from the fact that English country banks return an average weekly circulation, while Scotch and Irish banks return an average monthly circulation only. There are many other interesting points in the paper showing the difficulties which attend the subject; but the success with which Mr. Barnett has treated them makes it unnecessary to trouble you with these now, and I can only express my sense of the debt which the Institute owes to Mr. Barnett for having contributed this paper to its literature.

The PRESIDENT joined in the testimony of praise to Mr. Barnett for his excellent paper, which seemed to him to be not only accurate in its figures, and exhaustive in its mode of treatment, but studiously prudent in its expression of opinion. He concluded by moving a vote of thanks to Mr. Barnett for his paper, and in doing so expressed a hope that the Institute would have the advantage on some future occasion of receiving further contributions from him.

## POSTAL ORDERS.

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*[The full text of the Act (Post Office (Money Orders) Act, 1880) which came into force on the 1st January, 1881, will be found in the Journal of the Institute for October, 1880.]*

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As the attention of the Council has, in many instances, been called to the inconvenience and delay occasioned to bankers generally, by the restrictions on the payment of the new Postal Notes, when presented through a banker, it has been thought desirable to reprint *in extenso* the regulations imposing these restrictions, as issued by the Postmaster-General in December last, under Clause 2 of the Act, together with a circular, issued at the same time, which directs the attention of bankers to Regulation No. 5, and at the same time invites them to enter into the arrangement contemplated in that clause.

A sense of the inconvenience which has arisen from the working of these regulations found expression in the following question, which was addressed to the Postmaster-General in the House of Commons on the 21st January:—

“Whether his attention had been called to the inconvenience occasioned by the regulations with regard to the new postal money orders, whereby if crossed to a bank, as was a common practice, the department would not cash them, and bankers would not receive them, owing to the regulation that they need not be paid, until sent to London for verification, for an indefinite term unless the banker gave an indefinite guarantee, and whether he would so modify the rules as to make the system workable or return to the old system.”

To which Mr. Fawcett replied—

“It will be remembered that, when the Postal Orders Act was under the consideration of Parliament, the Post Office wished to make no distinction, so far as bankers are concerned, between the cashing of these postal orders and the old money orders. At the instance, however, of my honourable friend the member for the

University of London (Sir J. Lubbock), who, it was stated at the time, represented the views of the bankers on the subject, a clause was inserted in the Bill by which bankers were exempted after receiving payment from the Postmaster-General from all liability to him in respect to postal orders, whereas no such exemption from liability exists with regard to the old money orders. It therefore became necessary to make a regulation under the Postal Orders Act empowering the Postmaster-General to examine the postal orders presented to bankers before paying them. The same regulation, however, enabled him to make express arrangements with bankers whereby the delay caused by examination can be avoided. That arrangement consists of a guarantee furnished by the banker that, in the event of notice being given to him within ten days after the cashing of the order that such order is informal or invalid, the amount thereof will be made good. A considerable number of bankers have adopted this arrangement, and others are following the example. If, however, bankers are of opinion that the effect of the section inserted on their behalf in the Postal Orders Act is to cause inconvenience, and if they will bring in a Bill to repeal it, I shall be prepared to consider their proposal favourably."

With regard, however, to Mr. Fawcett's reply, it will be observed that whilst it is no doubt quite true that in proposing the clause to which Mr. Fawcett refers in the above answer, Sir John Lubbock was acting on behalf, and in accordance with the wishes, of bankers generally; yet it is difficult to see how the clause necessitates or justifies the action taken by the Post Office. The Office pays notes over the counter on demand to perfect strangers, from whom they cannot hope to recover the amount in case of any irregularity, fraud or forgery. Bankers, and bankers only, are subjected to the inconvenience of which such general complaint is made.

It is possible that those bankers who give the required guarantee, and are therefore liable to make good the amount of any Postal Orders which are found to be informal or invalid at any time within ten days from presentation at the Post Office, may be unwilling to credit their customers with the proceeds until the full period has elapsed.

It will also be observed that, in addition to Regulation 5, the 7th, 9th and 10th Regulations impose special care and attention on the receiving banker.

For purposes of reference, the full text is also appended of the regulations issued by the Postmaster-General, on the 1st September, 1879, and now in force, relating to the encashment of the old Money Orders (Post Office Money Orders' Act, of 1848) presented for payment by or through a banker.

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1. A new description of Money Orders, to be designated "Postal Orders," for certain fixed sums from 1s. up to £1, are now issued to the public at all Post Offices at which Money Order business is transacted.

2. The following are the amounts for which Postal Orders are issued, together with the Poundage payable in respect of each Order :—

Amount of Order.			Poundage.			Amount of Order.			Poundage.		
s.	d.			d.		s.	d.			d.	
1	0	..	..	$\frac{1}{2}$		10	0	..	..	2	
1	6	..	..	$\frac{1}{2}$		12	6	..	..	2	
2	6	..	..	1		15	0	..	..	2	
5	0	..	..	1		17	6	..	..	2	
7	6	..	..	1		20	0	..	..	2	

3. The person to whom a Postal Order is issued must, before parting with it, fill in the name of the person to whom the amount is to be paid, and may fill in the name of the Money Order Office at which the amount is to be paid. The person so named must, before payment can be made, sign the receipt at the foot of the Order, and must also fill in the name of the Money Order Office, if that has not been already done.

**4. If a Postal Order be crossed "                    & Co.," pay-**  
ment will only be made through a Banker, and if the name of a  
Banker is added, payment will only be made through that Banker.

5. A Postal Order presented by, or through a Banker for payment, will not (in the absence of an express arrangement between such Banker and the Postmaster-General to the contrary) be paid until after such Order has been examined at the Chief Office.

6. After a Postal Order has once been paid, to whomsoever it is paid, the Postmaster-General will not be liable for any further claim.

7. If any erasure or alteration be made, or if the Order is cut, defaced, or mutilated, payment may be refused.

8. The Regulations under which Postal Orders will be issued allow the Postmaster to delay or refuse the payment of an Order, but he must at once report his reasons for so doing to the Postmaster-General.

9. After the expiration of three months from the last day of the month of issue, a Postal Order will be payable only on payment of

a Commission equal to the amount of the original poundage, with the addition (if more than three months have elapsed since the said expiration) of the amount of the original poundage for every further period of three months which has so elapsed, and for every portion of any such period of three months over and above every complete period.

10. The Commission thus paid must be affixed in Postage Stamps to the face of the Order.

11. Postal Orders are not payable at Post Offices abroad. Persons desirous of remitting money to the Colonies and foreign countries by means of the Post Office must continue to take out Money Orders as hitherto.

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CIRCULAR ISSUED BY THE POSTMASTER-GENERAL, IN DECEMBER, 1880,  
CALLING THE ATTENTION OF BANKERS TO THE FOREGOING  
REGULATIONS.

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*December, 1880.*

SIR,—I herewith forward for your information a copy of the regulations made by the Postmaster-General, with the consent of the Lords Commissioners of Her Majesty's Treasury, under the authority of the Post Office (Money Orders) Act, 1848 and 1880, with regard to "Postal Orders," which regulations are to come into force on 1st January next.

You will observe by regulation 8 that "a Postal Order presented through a banker for payment will not (in the absence of an express arrangement between such banker and the Postmaster-General to the contrary) be paid until after such order has been examined at the Chief Office."

With a view to giving effect to this regulation in such a manner as will cause the least possible inconvenience in cases in which such an arrangement as<sup>1</sup> is indicated in the regulation shall not have been entered into, it is intended that postal orders presented by bankers for payment at the General Post Office shall be summarised by them daily upon a form, of which a specimen is enclosed, and that this form, with the relative postal orders, shall be presented at the Postal Order Branch of this office, 111, Queen Victoria street, E.C., at later than 10.30 a.m. on each day. The postal orders will be examined there, and if found correct the amount claimed by each

bank will be transferred to the credit of the account of that bank at the Bank of England, in the same manner as transfers are made in respect of money order and other post office payments, *but on the day following that on which they are presented.*

I shall be glad to hear from you at your early convenience, whether you are desirous of adopting this arrangement, or whether your bank would prefer to enter into such an arrangement as is contemplated in the regulations, with a view to the amounts claimed in respect of postal orders being transferred to the credit of the bank *prior to the examination of the orders, and subject to subsequent adjustment where necessary.*

I am,  
Sir,

Your obedient Servant,

GEO. CHETWYND,

*Receiver and Accountant-General.*

To Messrs. \_\_\_\_\_

*Bankers, London.*

[Here follows the Form on which Postal Orders are presented for examination.]

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REGULATIONS IN REGARD TO MONEY ORDERS ISSUED BY THE POST-MASTER-GENERAL, IN SEPTEMBER, 1879, AND STILL IN FORCE.

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1. Any money order made payable to any person or persons whomsoever at a post office in any city, town, or place within the United Kingdom, may be presented for payment by or through any banker or bankers, either at such post office at which the same is made payable, or at the chief money order office in London, notwithstanding that the form of receipt on such money order may not bear any signature purporting to be the signature of the person or persons to whom such money order is made payable, provided that the name of the banker or bankers by or through whom such money order is presented for payment, be written or stamped upon the face thereof, and the name of such banker or bankers, so written or stamped as aforesaid, shall be accepted at such post office or chief money order office as a sufficient receipt for the amount of such money order.

2. In all cases where a money order is presented in manner aforesaid for payment at the chief money order office in London, by or through any banker or bankers having an account at the Bank of England, payment of such money order may be forthwith made by means of a transfer of the amount of such money order from the account of Her Majesty's Postmaster-General at the Bank of England to the account at the same bank of such banker or bankers by or through whom such money order is presented for payment as aforesaid; but such payment shall nevertheless be subject to the subsequent verification of such money order, and shall be made upon the express condition that if, upon examination, it shall appear to Her Majesty's Postmaster-General that payment of the amount or any part of the amount of such money order has been incorrectly or improperly made or allowed to such banker or bankers as aforesaid, the amount so incorrectly or improperly paid or allowed may be deducted by Her Majesty's Postmaster-General from any moneys which may thereafter become payable to such banker or bankers for or on account or in respect of any Post Office Money Orders.

3. In every case where payment is made under the foregoing regulations of any money order so presented for payment by or through a banker or bankers in manner aforesaid, such money order and all liability to pay the same shall be absolutely and to all intents and for all purposes discharged by such payment, notwithstanding any fraud, error, mistake, or loss which may have been committed or have occurred in reference to such money order, or the procuring or obtaining the payment thereof.

4. These regulations shall come into operation on the 1st day of September, 1879, and thereupon and thenceforth the regulations bearing date the 7th day of April, 1848, shall cease and be discontinued.

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## QUESTIONS ON POINTS OF PRACTICAL INTEREST.

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THE Council desire to express their readiness to receive, at all times, questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after the most careful deliberation, the Council have approved :—

**QUESTION :—**If a debtor customer, who has deposited shares or other personal property with his banker as security, dies, as it eventually proves, insolvent, would the banker retain his lien upon such security—

- (a.) For the balance of the deceased customer's account if transferred to an account opened by the executor or administrator as such ?
- (b.) For reasonable sums advanced on the executors or administrators' representation that they were required for funeral expenses ?
- (c.) For sums advanced to the executor or administrator on the understanding that they were for the purposes of administering the estate, even though they be mis-applied, but without negligence or ordinary chance of discovery on the banker's part ?

**ANSWER :—**With regard to the first question we think that the banker would not prejudice his security by transferring the account to the executors, who are persons legally responsible for its payment, so far as the testator's assets extend.

But as to questions (b) and (c) we do not think that the banker would, in the absence of an agreement that the property should be charged with the repayment of the moneys advanced to the executor, have any lien on, or right to retain the securities as against such advances (whether the money advanced were mis-applied or not).

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# JOURNAL OF THE INSTITUTE OF BANKERS.

MARCH, 1881.

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Sir JOHN LUBBOCK, Bart., M.P., President, in the Chair.

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## ON THE CODIFICATION OF MERCANTILE LAW, WITH ESPECIAL REFERENCE TO THE LAW OF NEGOTIABLE INSTRUMENTS.

By M. D. CHALMERS, Esq., M.A., Barrister-at-Law,  
*Author of A Digest of the Law of Bills of Exchange, Promissory Notes, and Cheques.*

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[Read before the Bankers' Institute, Wednesday, 26th January, 1881.]

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LAST year I had the honour of reading before you a paper on "Some points of difference between the English and foreign laws relating to Bills of Exchange and their relative merits." I began by pointing out that our law differed from the law of other States, not only in substance, but also in form. Our mercantile law is uncodified, while all the continental states have codified theirs. In my last paper I only discussed the differences in substance. To-day I propose to revert to the difference in form, and to invite you to consider the question of the codification of our mercantile law.

Perhaps I ought to begin by stating what I understand by a code. I would define a code as a statement, under the authority of the legislature, and on a systematic plan, of the whole of the general principles applicable to any given branch of the law. I am not going to inflict on you any lengthy disquisition of my own on the benefits to be derived from codification. You will find the arguments in favour of codification, the answers to the objections to it, and the general principles on which a code should be framed, very clearly and concisely stated by the Royal Com-

missioners on the Criminal Code Bill.\* I shall venture to read you a short extract from their report, and then for the purposes of the paper this evening assume, without further comment, that codification of our mercantile law, if practicable, is desirable. At p. 7 the Commissioners say:—

“The objection most frequently made to codification—that it would, if successful, deprive the present system of its *elasticity*, has, we believe, exercised considerable influence, but when it is carefully examined it will, we think, turn out to be entitled to but little, if any, weight. The manner in which the law is at present adapted to circumstances is, first, by legislation, and secondly, by judicial decisions. Future legislation could of course be in no way hampered by codification. It would, on the other hand, be much facilitated by it. The objection under consideration applies, therefore, exclusively to the effects of codification on the course of judicial decision. Those who consider that codification will deprive the common law of its ‘elasticity’ appear to think that it will hamper the judges in the exercise of a discretion which they are at present supposed to possess in the decision of new cases as they arise. There is some apparent force in this objection, but its importance has, to say the least, been largely exaggerated. In order to appreciate the objection, it is necessary to consider the nature of this so-called discretion which is attributed to the judges. It seems to be assumed that when a judge is called upon to deal with a new combination of circumstances, he is at liberty to decide according to his own views of justice and expediency; whereas, on the contrary, he is bound to decide in accordance with principles already established, which he can neither disregard nor alter. The consequences of this are, first, that the elasticity of the common law is much smaller than it is often supposed to be; and secondly, that so far as a code represents the effect of decided cases and established principles, it takes from the judges nothing which they possess at present. In fact, the elasticity so often spoken of as a valuable quality would, if it existed, be only another name for uncertainty. The great richness of the law of England in principles and rules embodied in judicial decisions no doubt involves the consequence that a code adequately representing it must be elaborate and detailed, but such a code would not, except in a few cases in which the law at present is obscure, limit any discretion now possessed by the judges. It would simply change the form of the rules by which they are bound. The truth is, the expression ‘elasticity’ is altogether misused when applied to English law. The great characteristic of the law of this country is that it is extremely detailed and explicit, and leaves hardly any

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\*Lord Blackburn, Lord Justice Lush, Sir James Stephen, and Mr. Justice Barry (see Report of Criminal Code Bill Commissioners, 1879, C. 2345).

discretion to the judges. This may be shown by comparing it with the law of France."

After giving some illustrations taken from criminal law, the Commissioners proceed:—

"We think that the precise and explicit character of our own law is one of its most valuable qualities, and that one great advantage of codification would be, that in giving the result of an immense amount of experience in the shape of definite rules, it would preserve this valuable quality."

The comments of the Commissioners, men well qualified to express a judgment on the boasted "elasticity" of our law, may, I think, be summed up thus. To a great extent it does not exist; in so far as it does exist it is merely another name for uncertainty or obscurity—a condition of the law necessarily more favourable to rogues than to honest men.

Passing now from the desirability of codifying our mercantile law, let us consider first what and where are the raw materials out of which such a code might be manufactured, and secondly, what are the means which should be taken to attain that end. Both these questions have been considered by a very strong Royal Commission which included among its members Earl Cairns, the late Lord Westbury, the present Lord Chancellor, and many other distinguished lawyers (see Report of Digest of Law Commission, 13th May, 1867). The Royal Commissioners begin their report by reviewing the existing state of English law. The sources of our law are three, namely, the Common Law, which includes the Law-Merchant, the Statute Law, and Judicial Decisions, that is to say, authoritative expositions of the two preceding branches. In my last paper I traced out the curious process by which mercantile customs and the usages of trade were engrafted on to the law by means of judicial decisions. In most branches of mercantile law that process is fairly complete, and the judicial decisions on any branch, if collected together, would form a fairly complete though singularly cumbrous body of law. Mercantile law is very little regulated by statutes, and the acts which relate to it deal for the most part only with isolated points. I shall not, therefore, trouble you with what the Commissioners say as to the confused state of our voluminous statute book—but, as regards judicial decisions, I cannot do better than quote their very words. They say:—

"The judicial decisions and dicta are dispersed through upwards of 1,300 volumes, comprising as we estimate about 100,000 cases, exclusive of about 150 volumes of Irish reports, which deal to a great extent with law common to England and Ireland. [I may remark here that since the Commissioners reported, about 250 volumes of decisions have been published]. A large proportion of these cases are of no real value as sources or expositions of law at the present day. Many of them are obsolete; many of them have been

made useless by subsequent statutes, by amendment of the law, repeal of the statutes on which the cases were decided or otherwise. Some have been reversed on appeal, or overruled in principle, some are inconsistent with, or contradictory to others; many are limited to particular facts, or states of circumstances furnishing no general rule, and many do no more than put a meaning on mere singularities of expression or particular written instruments, or exhibit the application in particular instances of established rules of construction. A considerable number of cases are reported many times over in different publications; and there often exist, especially in earlier times, partial reports of the same case in different stages, involving much repetition. But all this matter remains, incumbering the books of reports. The cases are not arranged on any system, and their number receives large yearly accessions, also necessarily destitute of order; so that the volumes constitute 'what can hardly be described, but may be denominated a great chaos of judicial legislation.' At present the practitioner in order to form an opinion on any point of law not of ordinary occurrence is obliged to search out what rules of the Common Law, what Statutes, and what Judicial Decisions bear upon the subject, and to endeavour to ascertain their combined effect. If, as frequently happens, the cases are numerous, this process is long and difficult. Yet, it must be performed by each practitioner for himself when the question arises; and in some cases, after an interval of time, it may have to be repeated by the same person."

Since the Commissioners thus reported in 1867, the condition of the law has naturally been aggravated rather than improved by the continual addition of fresh matter. Moreover, in mercantile cases, the practice has sprung up of referring to American decisions. To a great extent American commercial law and the conditions of American commerce are similar to our own. Hence, in doubtful cases, our Courts frequently look to see how the problem has been solved in America. As an example of what I mean, in a recent case, where the question was whether the deviation of a ship from her chartered voyage, in order to save property, was justifiable, the late Lord Chief Justice (Sir A. Cockburn) thus refers in his judgment to the American cases which were cited in argument. (*Scaramanga v. Stamp* (1880), 5 C.P.D., at 303 C.A.)—"I am glad to think that in doing so (*i.e.* declaring the law) we have the advantage of the assistance afforded us by the decisions of the American Courts and the opinions of American jurists, whom accident has caused to anticipate us in this question. And although the decisions of the American Courts are, of course, not binding on us, yet the sound and enlightened views of American lawyers in the administration and development of the law,—a law, except so far as altered by statutory enactment, derived from a common source with our own—entitle their decisions to the utmost respect and con-

fidence on our part." The effect of this reference to American law is to give the industrious practitioner access to at least another thousand volumes of reports, over which he may range at will in search of a correct opinion on any doubtful point of law. The great commentator Blackstone declared that English law was the perfection of human wisdom. Personally, I should be sorry to go quite so far as that. But admitting it to be true as regards substance, I think I have brought enough evidence before you to show that the form in which the perfection of human wisdom is expressed, is, to say the least, capable of improvement.

So much for the evil; now as to the remedy. The Royal Commission above referred to suggested that with a view to ultimate codification, digests of various branches of the law should be made under the supervision of the Commission. They define what they mean by a digest as follows:—"A digest would be a condensed summary of the law as it exists, arranged in systematic order under appropriate titles and sub-divisions, and divided into distinct articles or propositions, which would be supported by references to the sources of law whence they were severally derived, and might be illustrated by citations of the principal instances in which the rules stated had been discussed or applied." . . . "The persons charged with the framing of the digest might also be intrusted with the duty of pointing out from time to time the conflicts, anomalies, and doubts which in the course of their labours would appear. Thus, the process of constructing the digest would be conducive to valuable amendments of the law. Such a digest will be the best preparation for a code, if codification of the law should be resolved on." The Commissioners reserve for a future report the question, "What provision should be made on the important point of the nature and extent of the authority which the digests should have in the Courts, and how that authority can best be conferred on them?" This further report, I believe, was never made. The Commissioners selected certain subjects on which they suggested the experiment of a digest should be tried. The first of these subjects was Bills of Exchange. The Commissioners invited barristers to send in specimens of their work in this direction. Such specimens were sent in, but then, for some reason which I am not aware of, the scheme dropped. As regards the suggestion of the Commissioners that some specific authority should be given to such digests over ordinary text-books, I venture to think their scheme was impracticable. The nature of English law does not admit of any *tertium quid* between a text-book and an Act of Parliament. A proposition stated by a text book is only authoritative in so far as it is a correct induction drawn from decided cases which are unquestioned law. For the proofs of its correctness you have always to go back to the cases themselves. Of course, a digest such as the Commissioners recommended could be sanctioned by

Act of Parliament, but then it would be a code, and take effect, to all intents and purposes, as an ordinary statute. Apart from this particular suggestion, it seems to me a matter of great regret that the scheme of the Commissioners was not carried out. A series of digests such as they recommended would have been most valuable as text-books, and they would have rendered the codification of the branches of law they dealt with comparatively easy. With such a digest to work upon, any competent draftsman could express the existing law in the form of an Act of Parliament, and when it was once thown into this form it would be easy to see where amendment was required. Lawyers working at such digests under the supervision of a strong Commission would, of course, have immense advantages over private individuals undertaking a similar task alone and unaided. Still, a good deal may be done, I think, by private undertakings in this direction. Sir James Stephen took in hand the Criminal Law, and his admirable digest, as I daresay you know, paved the way for and rendered possible the Criminal Code Bill which was introduced last session by the late Government, and which the present Lord Chancellor has promised to re-introduce. Mr. Frederick Pollock took up the Law of Partnership. His digest of this branch of the law is, I hope, as well known and as much appreciated by men of business as it is by lawyers. Those of you who were present at the October meeting of this Institute heard from his own lips what has been done, and is doing, towards codifying this branch of the law. Then, I myself have followed in their steps as an humble imitator, and have published a digest of the Law of Bills, Notes and Cheques. I think this branch of mercantile law may be taken as fairly typical of several other branches.

I have already adverted to the general condition of English law ; and I propose now to go, in more detail, into the condition of the law relating to bills, notes and cheques ; and then, after examining the existing state of the law on this subject, to suggest for your consideration various particulars in which it might be amended if it were decided to codify it.

The law of bills, notes and cheques, or if I may use a term which comprises them all, of negotiable instruments, consists in part of judicial decisions, in part of statutory enactments, and in part of usages of trade which have not yet been embodied in any reported case. I shall refer to this last source of law later on. As regards statutes, there are about 35 which affect negotiable instruments ; but several of these would be left untouched if this branch of the law were codified, for they belong more naturally to other heads, and only incidentally apply to negotiable instruments. For example, the provision of the Truck Act (1 and 2 Will. IV., c. 37) which prohibits the payment of workmen's wages otherwise than by coin or by draft payable to bearer on demand, would not be touched ; nor would the provisions of the Stamp Act, or of the Bankruptcy

Act, or of the Companies Acts, or of the Bank Holidays Acts, which relate to negotiable instruments be incorporated; nor, again, would a code include the various enactments which restrict the issue of bills and notes in order to secure the monopolies of the Bank of England. There remain, however, 17 statutes, or parts of statutes, which would, I think, be properly incorporated in a negotiable instruments code. They are as follow:—

- 9 Will. III., c. 17 (Protest).
- 3 & 4 Anne, c. 8 (Assignment of Note).
- 17 Geo. III., c. 30 (Note under £5).
- 39 & 40 Vict., c. 42 (Good Friday. Presentment).
- 48 Geo. III., c. 88 (Bill under 20s.).
- 1 & 2 Geo. IV., c. 78 (Form of Acceptance).
- 7 & 8 Geo. IV., c. 15 (Good Friday, &c.).
- 2 & 3 Will. IV., c. 98 (Presentment Supra Protest).
- 6 & 7 Will. IV., c. 58 (Acceptor for Honour).
- 16 & 17 Vict., c. 59, s. 19 (Forged Indorsement).
- 17 & 18 Vict., c. 125, s. 87 (Lost Instrument).
- 18 & 19 Vict., c. 67 (Summary Procedure).
- 19 & 20 Vict., c. 97 (Inland Bill, &c.).
- 23 & 24 Vict., c. 111, s. 19 (Cheque under 20s.).
- 26 & 27 Vict., c. 105 (Bill under £5).
- 39 & 40 Vict., c. 81 (Crossed Cheques).
- 41 & 42 Vict., c. 13 (Form of Acceptance).

With one exception these enactments deal only with isolated points, many of them being passed to override some particular decision which has been considered impolitic. For instance, the 41 & 42, Vict., c. 13, was passed to override the decision in *Hindaugh v. Blakey*. 3 C.P.D., 136, where it was held that the simple signature of the drawee on the face of a bill of exchange did not constitute a valid acceptance. The exception is the Crossed Cheques Act, 1876, which contains the whole law on the subject of crossed cheques.

Let us turn now to the judicial decisions on Negotiable Instruments. The last edition of Byles on Bills of Exchange quotes about 3,000 reported cases. Chitty cites rather more. Daniell, on Negotiable Instruments, an American work published in 1877, refers to over 7,000 cases English and American. This list, however, by no means exhausts the English authorities, and as far as I have tested it, is not quite complete as regards the American cases. But suppose we take the number of reported cases on negotiable instruments to be 7,000; then allowing five pages to each case, I think a fair average, we find that the judicial literature on this subject fills some 35,000 pages of print. The cases, be it remembered, are nowhere collected together, but are scattered at random up and down through some 2,500 volumes.

Compare this chaos with the German Exchange Law, the most



complete and detailed of the Continental codes. The whole subject is there dealt with in 100 sections, which in the edition that I possess occupy about 16 pages. I have here a translation of it printed as a Parliamentary Paper which was published last year. (Commercial No. 30 (1880), c. 2609). Printed in that form it occupies less than eight pages. I do not, of course, mean to say that the German Exchange Law is exhaustive, but it would, I think, if it were law here answer nine questions out of ten that would arise; and as regards the tenth the process of finding out the answer would be considerably simplified. The German Exchange Law is considerably fuller and more detailed than the corresponding chapters of the French and Italian Commercial Codes, and I think if ever a code were attempted for England it might be well to make it even fuller and more explicit than the German Exchange Law. The digest which I published contains 287 articles, but then my primary object was to make a useful textbook. For most legal purposes a bill of exchange is regarded as an ordinary "simple contract;" hence, questions frequently arise whether in a particular case the ordinary law of simple contracts is to apply, or whether rules arising out of the peculiar nature of bills of exchange are to prevail. In a digest a good many articles are properly devoted to stating the law on such points. In an Act of Parliament all such articles would be superseded by a single clause to the effect, that where the contrary is not enacted, the rules of law applicable to simple contracts shall apply to bills of exchange. Such a clause in an unauthoritative digest would be simply nugatory. A properly drawn Act would, I should think, contain about 160 clauses. I have appended to this paper as a specimen a page of the digest, to show you the plan on which such digests proceed, and I have then thrown the substance of the articles there contained into the form of draft clauses for an Act; so you can compare the two methods. To return, however, to the existing state of our own law. Although we have this vast body of literature, there is by no means a complete and perfect body of law relating to negotiable instruments. On some points there is a plethora of authority, on others the authorities either give forth an uncertain sound or are altogether wanting. Indeed if any important subject be investigated systematically, four states of the law will be found to exist. First, the law on certain points may be absolutely or reasonably certain. In that case the only difficulty in stating it is the difficulty of accurate expression. Secondly, a proposition on a given point can only be stated as probably holding good. For instance, it may rest merely on unchallenged *obiter dicta*, or there may be a decision in favour of it, and weighty *obiter dicta* opposed to it. I found in attempting to frame my digest I had to qualify a good many "articles" with a bracketed "probably." Thirdly, the law on a given point may be uncertain. Decisions may be in direct

conflict, or again there may be a decision in point which has never been directly questioned, but the *ratio decidendi* of which seems entirely opposed to the principle of later cases, or of cases decided by a higher court. In such cases the law can only be stated with a "perhaps." For instance, an old case in which no reasons are stated in the judgment upholds the validity and regularity of conditional indorsements. Dicta in two subsequent cases where the former was not cited, throw doubt on their validity, and moreover such endorsements seem opposed to the principle of the cases which decide that a bill or note may not originally be drawn in a conditional form. Take another case. Suppose the drawer of a cheque, instead of signing his name, only puts his initials. Would the banker be justified in paying, and if he did not pay, could the holder sue the drawer? In the case of ordinary written contracts, it has been held that a signature by initials is sufficient, and in America this rule has in some States been extended to cheques; but I think it is very doubtful what would be held in England if the point was raised. Fourthly—On other points there may be an entire absence of authority. This is the case as regards a good deal of the notarial practice with reference to bills of exchange. But there are numerous other instances besides. For example, you know that if an "after sight" bill be not presented for acceptance within a reasonable time, the drawer and indorsers are discharged from their liability in case it be dishonoured. Presumably, a similar rule would apply if a "sight" bill was not presented for payment within a reasonable time; but there is no reported case on a sight bill. Again, suppose a bill drawn abroad contains a reference in case of need. What are the duties of the holder? Is the direction to resort to the case of need imperative or merely permissive? Take another case. According to English law a right of action against the drawer accrues to the holder as soon as a bill is refused acceptance, and according to the ordinary rule of our law a right of action which has once accrued cannot be suspended. What, then, is the effect on this right of action of taking an acceptance *supra* protest? None of these points have been judicially decided. I will not weary you by multiplying examples. If the law relating to negotiable instruments were codified, these lacunæ would be filled up, and these uncertainties and ambiguities cleared away without litigation. At present they can only be solved by the interesting, but somewhat expensive amusement of a series of lawsuits. It is not for a lawyer to complain of this state of things. I merely mention the fact.

I propose now to finish my paper by referring to some rules of law regarding negotiable instruments which perhaps might be altered with advantage to the mercantile community. These, however, are matters on which men of business are more competent to form an opinion than lawyers; and I, therefore, merely raise the points

for consideration without any wish to dogmatise about them. If it were ever decided to codify the law of negotiable instruments, any amendments of the law which were thought desirable could be introduced at the same time.

(1.) The House of Lords, in *Solarte v. Palmer* (1834), 1 Bing., N. C. 194, decided that a notice of dishonour written by a firm of solicitors in the following form was insufficient, viz : "A bill for £683 drawn by King on James and Co., and bearing your indorsement, has been put into our hands by W. A., with directions to take legal measures for the recovery thereof, unless immediately paid to us." Since this decision, which was found to lay down an inconveniently severe rule, the Courts have been continually trying to whittle away its effect; and as a legal authority it is now but a shadow of its former self. Still, I think much uncertainty, and possibly a good deal of litigation, might be obviated if a concise statutory form of notice of dishonour were provided. The form, of course, would not be obligatory, but it would be enacted that a notice of dishonour which substantially followed it, should in all cases be sufficient.

(2.) The abolition of Days of Grace is a question which was discussed by this Institute a year ago, and you were of opinion that they ought to be abolished. I imagine that nothing has occurred since then which would induce you to alter your opinion.

(3.) According to English law, many acts relating to bills of exchange, &c., have to be done "within a reasonable time." For example, a bill of exchange, payable so many days after sight, must be presented for acceptance within a reasonable time. The Courts have held that in order to determine what is a reasonable time for this purpose, regard must be had, (a) to the nature of the bill, (b) the usage of trade with respect to similar bills, and (c) the circumstances of the particular case, looking to the interests both of the holder and of the drawer or indorser sought to be charged. This rule works out very perfect theoretical justice, but has naturally given rise to a good deal of litigation, as the points to be considered before the conclusion is arrived at admit of much difference of opinion. As long as the law is uncoded it is the only possible rule that could be laid down, but if the law were codified, I think it would be better to do as the Continental codes do, and to lay down definite limits of time within which particular classes of bills must be presented for acceptance. And in like manner, I would substitute definite limits of time wherever any act has to be done within what in law is called a "reasonable time." In mercantile matters I imagine that the certainty and definiteness of a rule are of more importance than a very nice and exact adjustment of conflicting interests in each particular case. The least inconvenient rule is the rule that should be adopted. To use the words of Baron Alderson in *O'Connell's Case* :

“The law proposes not a perfect rule, but being human, and therefore imperfect, must choose between conflicting inconveniences.”

(4.) Much difficulty arises in determining the legal rights and duties of parties to a bill, from the fact that a bill is a congeries of contracts, and that the contracts of which it is made up are often entered into in different countries the laws of which are dissimilar. For instance, a bill may be drawn in one country, indorsed in two others, and accepted and payable in a fourth. It would, I think, be well to follow the example of the German Exchange Law, and to lay down specific rules for working out the respective rights of the various parties. I have added the German rules as an appendix to this paper. They are sensible, but somewhat too laconically expressed for clearness. At present our law on this subject is in a very fluid and unsatisfactory condition.

There are several further points on which, in my opinion, our rules of law regarding negotiable instruments might be reconsidered with advantage, and your practical experience as men of business will doubtless suggest others, but to go into details on this matter would be foreign to the subject of this present paper. My object this evening is to get you to turn your attention to the question of codifying our mercantile law. If anything is ever to be done in that direction men of business must first come to a definite opinion on the subject. If the bankers and merchants of London come to the conclusion that the codification of mercantile law is desirable in the interests of the mercantile community, there is no doubt that the thing can be done. Codification in this case would not raise any burning questions. Such a measure would not excite any active hostility. It is only the Parliamentary *vis inertiae* which would have to be reckoned with, and this is a force which, if the mercantile world were really in earnest, could be certainly overcome. Personally, I am a strong advocate for codification. A short experience that I had as an Indian magistrate and official, during which time I was working under the Indian codes, convinced me of the immense advantages to all concerned of codified over uncoded law. I trust, however, that in my paper this evening I have not in any way overstated the case in favour of codification, and that I have not made use of any arguments tending to lead you to any other than a sound and just conclusion on the very important subject of this very imperfect paper.

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## APPENDIX.

## A.—EXTRACTS FROM DIGEST.

*Signature per pro. Principal.*

Art. 74. A signature "per procuration," or in other terms which denote that the signature of the principal is placed on the bill by the hand of an agent, operates as notice that the agent has but a limited authority to sign, and the principal is only bound by such signature to the extent of the actual authority possessed by the agent.

## ILLUSTRATIONS.

1. B., who carries on business for himself, and is also in partnership with X., goes abroad; he gives X. an authority to accept bills in his name in respect of his private business. X. accepts a bill in B.'s name in respect of the partnership business, signing "B. p.p. X." The bill is negotiated. B. is not liable on this acceptance.\*

2. By a resolution of the directors, the chairman of a Company is authorised to accept bills drawn by A. against the deposit of securities. He accepts a bill drawn by A., signing per proc. the Company, without requiring the deposit of security. The bill is negotiated to a *bond fide* holder. The Company is liable.†

NOTE.—There is perhaps a disposition to narrow the rule in the case of corporations.‡ In an Irish case|| a distinction is drawn between an acceptance signed "J. B., per proc. T. S.," and one signed "For J. B., T. S." The distinction does not seem founded on any very clear principle. The decision can be supported on other grounds.

*Signature per pro. Agent.*

Art. 75. A person who, without authority, signs the name of another person to a bill, either simply or by a procuration signature, is (probably) not liable on the instrument.§

Exception.—If the principal be a fictitious or non-existing person, the signer is liable.¶

## ILLUSTRATION.

A bill addressed to B. is held by C. X., without authority, accepts it for B., signing "B. per proc. X." X. is not liable as acceptor, though he may be liable to C. or a subsequent holder in an action for false representation§.

NOTE.—In an action for false representation, under such circumstances, it lies on the holder to prove damage.\*\* The modern tendency is to restrict

\* *Attwood v. Munnings* (1827), 7 B. & C., 278; *Stagg v. Elliott* (1862), 12 C. B., N. S., 378.

† *Re Land Credit Co.* (1869), 4 L. R. Ch., 460.

‡ *Re Land Credit Co.*, *supra*, at 468.

|| *Polhill v. Walker* (1832), 3 B. & Ad., 114.

§ *O'Reilly v. Richardson* (1865), 17 Ir. Com. L. R., 74.

¶ *Cf. Kolner v. Baxter* (1866), 2 L. R. C. P., 174; and Art. 72, Expl. 2.

\*\* *Eastwood v. Bain* (1858), 3 H. & N., 738.

liability *ex delicto* to cases of intentional fraud. By German Exchange Law, Art. 96, a person who, without authority, signs a bill as agent for another is personally liable thereon.

B.—DRAFT CLAUSES.

*Liability of Principal when Agent signs for him per proc.*

S.— A signature “per procuration” or in other such terms as to denote that the signature of the principal is placed on the bill, note or cheque, by the hand of an agent, shall operate as notice that the agent has but a limited authority to sign, and the principal shall only be liable in respect of such signature if the agent in so signing was acting within the actual limits of his authority.

*Liability of person signing for another without authority.*

S.— Any person who without authority signs the name of another person to a bill, note, or cheque, either simply, or by a procuration or other like signature, shall not be liable in any action or proceeding on the instrument itself.

Provided, that if the name signed be that of a fictitious or non-existing person, the signer shall be liable as if he had signed the instrument in his own name.

C.—EXTRACT FROM GERMAN EXCHANGE LAW.

XV. FOREIGN LAWS.

Art. 84. The capacity of a foreigner to contract by bill of exchange is determined and regulated by the law of his own country, provided that a foreigner who becomes a party to a bill of exchange in Germany is liable there, if according to German law, although not according to the law of his own country, he would have capacity to contract.

Art. 85. Questions which arise as to the essential conditions and formalities of a bill of exchange drawn abroad, or as to the validity of any bill-contract made abroad, are to be determined according to the law of the place where the bill was drawn or the contract made; provided that if the formalities of a bill drawn abroad are sufficient according to German law, the fact that they are defective where made shall not affect the validity of endorsements subsequently made on the bill in Germany.

Art. 86. Acts necessary to preserve the right of recourse against the parties to a bill are regulated by the law of the country where they are done.

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## DISCUSSION ON MR. CHALMERS' PAPER.

MR. JOHN HOLLAMS (Messrs. Hollams, Son, and Coward): For myself I may venture to say I agree in the main with the views which have been expressed in the able paper which has been read, and I may add that my opinion is based upon a great many years' experience in the City in the actual practice of mercantile law. In fact, it is impossible we can go on much longer as we are doing at present. The mercantile law of this country is really to be traced only in what may be described as one huge, ill-arranged, book, or as a vast number of volumes without an index, and it really has got hopelessly impossible within ordinary limits of time to master any new point of law which arises. This is hard upon professional men, whether solicitors or barristers, and it is also hard upon the judges. You will not care much about that, because you will say professional men and judges are remunerated in one way or another; but really in the end you, the suitors, suffer for it, because delay in litigation always involves trouble, and trouble involves time, and time involves money. It has become the practice, as has been pointed out by Mr. Chalmers, not only to search through the English law books, extending back perhaps 100 years, but we are also asked to cross the Atlantic and look at the decisions there, and if this state of things continues, a lawyer will not want a library, but a warehouse for his books. The increase of the decisions to which it is necessary to refer in every case of difficulty has become intolerable, and there is no new starting point. I think, therefore, that everyone, whether a professional man or not, must see that some change is necessary. In my view, there ought not to be a second opinion as to the desirability of putting the leading legal principles bearing on commercial law in a form which would be intelligible, and might be understood by mercantile men without, as at present, compelling resort to text books, which are only intended to be read by professional men, and are not adapted for the ordinary reader. Therefore I hope the day cannot be very distant, and if you gentlemen will apply your minds and try to promote it, it cannot be distant, when we shall, at least to some extent, have a code. I do not myself believe there is any great difficulty in codifying the law on the leading subjects. It is not, I think, necessary that we should make a complete code embracing all branches of the law. I confess I can see no reason why, as Mr. Chalmers has pointed out, you should not have a code as to the law of Bills of Exchange, a code as to the law of Insurance, a code as to partnership, and a code as to shipping, &c. Practically we have got the materials. We have excellent text books upon those various subjects, and subject to certain moot points, which must be solved by Parliament, it is a mere question of time and industry. I believe if Parliament would move in the

matter by "resolution," and then place confidence in some draughtsman, there would be very little difficulty in making a code which would work very well. But if the system usually adopted with Bills in the House of Commons is followed, and every member is at liberty to suggest in committee that a word should be inserted here or left out there, we shall have complaints that the code is difficult of construction. I believe, however, those difficulties would not exist if Parliament would lay down the principle of law which should be applied, and then trust some draughtsmen to carry it out honestly and faithfully. We should then, I believe, have all these points in an intelligible form. But supposing a mistake did happen, it would not take long to rectify it, because Parliament is supreme, and its sittings are not held at long intervals. The inconvenience would at the worst only have to be submitted to for a few months. That would be a far less evil than going on under doubtful law and uncertain litigation, as in the present day. I believe there is a false impression abroad that lawyers are opposed to any such change because they think the present state is beneficial to them. I do not think there is any foundation for that view, and I doubt whether the present state of things is beneficial in the long run to lawyers. At all events I am sure there are a great many lawyers in each branch of the profession who would honestly and zealously give their aid in accomplishing a change; and if you think it expedient to make such a change, and you can induce some of your Members of Parliament to bestow on this subject a little of the time now freely given to more exciting topics, it would be very easy indeed to remove some of the causes of cost and delay in litigation of which so many have now cause to complain.

Mr. H. D. JENCKEN, Honorary General Secretary of the Association for the Reform and Codification of the Laws of Nations: I have listened with great pleasure to Mr. Chalmers, who has endeavoured to lay before you the desirability of a code. There is no doubt that a code can be framed, and more than this, there is no doubt that the general interest of the commercial classes in England lies in that direction. The Associated Chambers of Commerce have determined to bring forward the question of bills of exchange next month at their annual meeting, and I have been favoured with some of the papers they have published, so that I understand what they intend to do, which is substantially what Mr. Chalmers has recommended to-night. They consider that a code on bills of exchange will be the thin end of the wedge to be used in cleaving asunder the trunk of difficulty which presents itself to lawyers and practical men. The difficulty in a code lies in this, that men won't go back to first principles, such as Mr. Pollock pointed out in his treatise on partnership, in which case he said a code would be available for 99 cases out of 100. The 99 cases in the 100 would cover the great business questions of the day which interest the



business population. The 100th case, which might be bristling with difficulties, would neither be met by a code nor by the decision of the judges. There you will have the lawyers engaged in litigating the case, as was done in *Goodwin v. Roberts*, with which many of you are familiar, and where there were three sets of costs, in three courts, to determine whether a piece of paper passed by delivery or not. That is an illustration of the necessity of a code and the simplicity of a code. As Mr. Hollams has just said, the lawyers are not against it. They would be the great gainers, for this reason, that the public reason upon legal matters and would avail themselves of a code, and courts of law more readily. In Berlin I had the pleasure of an interview with the Minister of Justice, Mr. Leonard, from whom I learned that the courts there are crowded with lawyers, who are so busy they do not know what to do. They have in Berlin ten times the amount of litigation in proportion to the business that you have in England, because every man is supposed to understand his code. But there is also another reason, their litigation is less expensive, and appeals are much more rapid. As regards bills of exchange, to come back to a question that has interested us very much, the continental powers—I am speaking of Berlin, Vienna, Rome and the Scandinavian kingdoms—would be glad, I have no doubt, to co-operate with English bankers and commercial men in establishing sound principles of law in dealing with such bills. The difficulty which presented itself to the Scandinavian kingdom was overcome by establishing 20 or 30 principles of law, and then when the commissioners who had in part met at Bremen re-assembled, they decided on those principles and formed an international code for the three kingdoms. The differences between the law of Denmark, Sweden and Norway were great and most inconvenient for commercial transactions, but when a bill, adopting an international code was passed, the bankers and jurists took advantage of the rules and principles laid down, and made them applicable to the three kingdoms generally. I am very glad to find that Mr. Chalmers has taken up a question which has occupied the time and attention of the International Committee, of which he is now a member.

Mr. J. HERBERT TERRON: I should like to ask the author of the paper a question. His arguments doubtless are unanswerable in favour of codifying our mercantile law, but he has told us that the law is found in three different places—the decisions of the judges, the statute law, and the custom of trade—very little I understand in the statute law, but a great part in the usages and customs of trade, as set forth in judicial decisions. What I want to ask is whether, supposing he had a code in which the usages and customs of trade of the present day were crystallised, so to speak—these usages and customs being modified day by day owing to the conditions of trade varying—a generation or two ahead might

not find they had a bad law to deal with, and one inapplicable to the conditions of affairs then existing. I cannot help thinking, if at the time when Blackstone pronounced his *dictum*, that the English law was the embodiment of perfect human wisdom, a code had then been in existence it would have become inapplicable to the needs of the present day. I should like to ask if we should be able to find a remedy for that evil which will be certain to arise in the future through the *vis inertiae* in Parliament, and parties interested in preserving things in *statu quo*. It is illustrated in the difficulty of getting a mercantile code which many of us desire, and the difficulty of making a change in a code when it once exists, would possibly be still greater, and might lead to great inconvenience if the custom of trade should have changed in the interim between the time when the code was founded, and the time when it ought to be modified by the new custom of trade.

The PRESIDENT: We are fortunate in having here to-night Mr. Hollams, than whom few have larger experience in Mercantile Law, and also Mr. Jencken, who represents the Association for the Reform and Codification of the Laws of Nations. Of course, there would be great advantage in assimilating the laws of different countries. I take it, however, that on a question of codification we could only deal, at any rate in the first instance, with our own law; but the attempt to put the present state of this law into one statute would no doubt be a great step in the direction of ultimately assimilating the laws of nations. As regards the question which Mr. Tritton has asked, no doubt it would be a considerable misfortune if the effect of codifying the law should be to prevent such necessary modifications as he has indicated, but I imagine Mr. Chalmers will tell us that, in his opinion, codification would in no way prevent such modifications being made afterwards as experience might show to be desirable. I think our experience in Parliament tends to show that where there is a conflict of pecuniary interests, or where there is any question in which sentiment is involved, there is a difficulty under the half-past twelve o'clock rule, for any private member to get an Act through Parliament; but, on the other hand, as would be the case in such questions as that contemplated by Mr. Tritton, where the mercantile community would have no conflicting interests, and where the question could be removed from any sentimental grievance, I imagine there would not be much difficulty in getting the law altered, if it were proved to be necessary. Mr. Jencken mentioned to us rather a formidable possibility arising out of codification—that there would be so great an accumulation of legal proceedings; this I scarcely think would be any great advantage, although we should enter upon legal proceedings with a greater certainty than we do under the law as it at present stands. Mr. Chalmers has given us several cases in which the law appears to be undecided,

and we all know, in the ordinary course of our duty, that cases continually arise where even men of experience are somewhat puzzled as to what course they ought to take. It certainly would be a very great advantage to have these questions narrowed and answered. I do not at all see the objection with reference to the want of elasticity in a code. Mr. Chalmers very truly says, that elasticity really means uncertainty, and I think it is better to have a law which may be imperfect rather than a law which is uncertain. If we only knew the state of the law, then as practical men of business it would be our business to make ourselves safe, but the real difficulty is when we do not know what the state of the law actually is. I think there seems to be a general opinion among the members of this Institute that Codification of the Mercantile Law would be desirable, and I have no doubt that the Council will take the matter into consideration, and I need not say for myself, that I shall only be too pleased if I can be of any use in assisting to carry out so desirable an object.

MR. CHALMERS (in reply): The difficulty which Mr. Tritton suggests is of course a serious one. He says that when you codify the law on any given subject, you thereby fix and crystallise it; while the conditions of commerce are continually changing, and to some extent the law ought to change with those changes, or else you have a law which is unsuited to the commercial conditions of the time. I think the answer to that objection is this—Assuming the law was codified, whenever you found there was a discrepancy between mercantile custom—which is founded on what is convenient in practice—and what the law laid down, then you would have to amend the law. It is much easier to amend a law which is definite and fixed in the form of an Act of Parliament, because then you know exactly what it is you have to amend, than to amend the law in the state in which it at present stands. Besides, at present there is not much scope for mercantile usage. The only case in which mercantile usage can develop and create a new law is where there is no judicial decision in point; because the courts have held that, where the mercantile usage of the time has been proved in evidence, and is incorporated into judicial decisions, it becomes part of the law of the land, and no custom can be set up against the law to control or override it. There is one rather good instance that occurs to me. In the year 1690 this question arose—a Bill of Exchange was endorsed “pay John Brown” and the words “or order” were omitted. Evidence of the custom of the time was taken, and the court held that the endorsement “pay John Brown” was equivalent to “pay John Brown or order,” because the merchants of that time said, that by the endorsement the whole property of the bill was transferred to John Brown; that the bill was a negotiable instrument, and that Brown was entitled to endorse it away. That decision did not coincide with subsequent mercantile

usage. The question arose before Lord Mansfield in 1750, and evidence was offered that, in the City of London, a bill endorsed "pay John Brown" omitting the words "or order," could not be endorsed over by John Brown, but was payable to him only. Lord Mansfield rejected the evidence and said—"No, the usage of 1690 has been embodied in a judicial decision, and the custom of the present day cannot over-ride that." The same point was alluded to incidentally in the case of *Goodwin v. Roberts*, and Lord Chief Justice Cockburn gave judgment in the Exchequer Chamber reaffirming the old doctrine of 1690; so that you see even without a code as soon as you have a judicial decision, you have the law crystallised; and in that state it is more difficult to alter, because more difficult to get at, than when embodied in an Act of Parliament. Moreover, to a certain extent, usage and custom can operate within the limits of a code, because a code does not go into minute detail, but deals with general principles; and if the terms of the code were not in express opposition to a given usage, the mercantile usage would be recognised and would govern cases not expressly provided for in the code. A draft code was drawn up for India some years ago in regard to Bills of Exchange. The native *Hundis*, or Bills of Exchange, are in some respects governed by customs which differ from our law as to English Bills of Exchange. The draft code contained a clause providing that as regards certain specified points effect should be given to local customs as regards *Hundis*. That draft code, however, for some reason I am not aware of, never passed into law. However, the plan there adopted would be one way of dealing with the objection to which Mr. Tritton has adverted. The other would be by express legislation. As soon as you found there was a certain amount of friction caused by any provision of the code which conflicted with mercantile usage, you would consider in what manner the friction might be most conveniently removed, and the code altered to suit the changed circumstances and commercial conditions of the time.

A unanimous vote of thanks to Mr. Chalmers terminated the proceedings.

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SUMMARY OF THE STEPS TAKEN BY THE ASSOCIATION FOR  
THE REFORM AND CODIFICATION OF THE LAWS OF  
NATIONS IN THE MATTER OF ASSIMILATING THE LAW  
OF BILLS OF EXCHANGE.

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[*Communicated by Mr. H. D. Jencken, Honorary General Secretary  
of the Association.*]

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IN the year 1874, at a conference of the Association for the Reform and Codification of the Law of Nations, held at Geneva, the question of establishing uniformity of law and practice in regard to bills of exchange was brought forward by Mr. Jencken; a resolution was then passed to form a committee and gather information, and to report at the next conference, Mr. Jencken and Mr. John Rand Bailey being appointed honorary secretaries to the committee. A report drawn up by that committee was submitted at the next conference, held at the Hague in September, 1875. That document contained a summary of the information which the committee had been able to obtain from the different capitals of Europe, in reply to a series of questions addressed in a circular letter to jurists and others. In substance the answers received concurred in representing a general opinion that the assimilation of the laws and practice in regard to bills of exchange was desirable, and that the time had arrived for an international agreement on the subject. Thus encouraged, the conference at the Hague appointed an International Commission, the following countries being represented, viz.: Austria, Belgium, Denmark, France, Germany, Great Britain, Italy, the Netherlands, Sweden, Norway, and the United States of America. In the following year, 1876, at the conference of the Association, held at Bremen, the International Commission agreed to certain principles upon which a common system of rules might be framed to govern bills of exchange. These principles agree in the main with the German code, and are as follows:—

1. The capacity to contract by means of a bill of exchange shall be governed by the capacity to enter into an obligation generally.
2. To constitute a bill of exchange it shall be necessary to insert on the face of the instrument the words "bill of exchange," or their equivalent.

3. It shall not be obligatory to insert on the face of the instrument, or on any indorsement, the words "value received," nor to state the consideration.

4. Usances shall be abolished.

5. The validity of a bill of exchange shall not be affected by the absence or insufficiency of a stamp.

6. A bill of exchange shall be deemed negotiable to order, unless restricted in express words on the face of the instrument or on an indorsement.

7. The making of a bill of exchange to bearer shall not be allowed.

8. The rule of law of *distantia loci* shall not apply to bills of exchange.

9. A bill of exchange shall be negotiable by blank indorsement.

10. The indorsement of an overdue bill of exchange which has not been duly protested for dishonour for non-payment shall convey to the holder a right of recourse only against the acceptor and indorsers subsequent to due date. Where due protest has been made, the holder shall only possess the rights of the indorsers to him against the acceptor, drawer and prior indorsers.

11. The acceptance of a bill of exchange must be in writing on the face of the bill itself. The signature of the drawee (without additional words) shall constitute acceptance if written on the face of the bill.

12. The drawee may accept for a less sum than the amount of the bill.

13. In case of dishonour for non-acceptance or for conditional acceptance, the holder shall have an immediate right of action against the drawer and the indorsers for payment of the amount of the bill and expenses, less discount.

14. The cancellation of a written acceptance shall be of no effect.

15. Where the acceptor shall have committed an act of bankruptcy before due date, the holder shall have an immediate right of action against the drawer and indorsers for payment of the amount of the bill and expenses, less discount.

16. No days of grace shall be allowed.

17. The holder of a bill of exchange shall not be bound, in

seeking recourse, by the order of succession of the indorsements, nor by any prior election.

18. Protest, or noting for protest, shall be necessary to preserve the right of recourse upon a bill of exchange dishonoured for non-acceptance or for non-payment.

19. Immediate notice of dishonour shall be necessary to preserve the right of recourse upon a bill of exchange.

20. The time within which protest must be made shall be extended in the case of *vis major* during the time of the cause of interruption, but shall not in any event exceed a short period of time to be fixed by the code.

In the subsequent year, 1877, at the conference of the Association, held at Antwerp, the International Committee again met and agreed to the following additional rules, viz. :—

21. No annulling clause need be inserted in duplicates.

22. A simultaneous right of action on a bill of exchange shall be allowed against all or any one or more of the parties to the bill.

23. The surety upon the bill (*donneur d'aval*) shall be primarily liable with the person whose surety he is.

24. The capacity of a foreigner to contract by means of a bill of exchange shall be governed by the law of his country; but a foreigner who enters into a contract of exchange, being incapable of binding himself by such a contract in his own country, shall be bound, if he is capable of binding himself by such a contract, under the law of the country in which he contracts.

25. The owner of a lost or destroyed bill of exchange, duly protested for want of payment, has a right, upon giving security, to payment of the bill by the acceptor, any indorser prior to himself, or the drawer.

At the next meeting of the Association, held at Frankfort-on-the-Main, in the year 1878, the International Committee added two more rules, viz. :—

26. The limitation of actions upon bills of exchange against all the parties (acceptor, drawer, indorsers and sureties = *donneurs d'aval*) shall be eighteen months from due date.

27. In the foregoing articles the term bill of exchange shall include promissory note, where such interpretation is applicable; but "promissory note" shall not apply to coupons, bankers' cheques

and other similar instruments in those countries where such instruments are classed as promissory notes.

Whilst the International Commission above alluded to was occupied in establishing the principles of a common law regarding bills of exchange, the Governments of Denmark, Sweden and Norway also appointed an International Commission to establish uniformity in the laws regarding these instruments in the three Scandinavian kingdoms. Twenty-one of the rules which had been agreed upon at Bremen and Antwerp above referred to were adopted by that commission, and have since been incorporated in an international code for the Scandinavian kingdoms. A wish was expressed at that time by the Royal Commission that Great Britain might be induced to follow the example of those countries.

The Department of State at Berlin had its attention drawn to this question by Dr. Hinchius, Syndic of Berlin, who attended the International Commission held at Bremen, and some action was taken by the German Government to induce other countries to take part in an International Congress to report upon a common code on bills of exchange.

It is understood that Austria, Italy and the Netherlands are favourably disposed, and that the feeling at Washington is encouraging; the Government of Great Britain, on the other hand, has expressed an opinion that the Chambers of Commerce and bankers of this country must in the first instance move in the matter before the Government can take any action. It appears, therefore, desirable that the body of rules which have been drawn up after careful consideration by successive committees of this Association should be submitted to the attention of the Chambers of Commerce and bankers of this country, as being in harmony with the principles of law already adopted in Germany, the Scandinavian kingdoms, and in Austria. The opinion of eminent jurists appears to be favourable to the plan adopted in Germany, at the Leipzig Conference, so far back as the year 1847, when the National Assembly of the Confederate States of that country voted a law in the year 1849 embodying the report of the conference on the subject of bills of exchange, and allowing each State, by a legislative act on its own part, to adopt the law with such modifications and additions as might be deemed necessary.

It is thought that if fundamental principles could be agreed upon, the great commercial countries of Europe and America might adopt them without prejudice to independent action in matters of detail and procedure.

At the London Conference of the Association, held at the Guildhall in 1879, the following resolution was passed, viz. :—

“That the Chambers of Commerce and the Institute of Bankers



of Great Britain be informed of the successful action taken by this Association in connection with the subject of bills of exchange, and be requested to co-operate in the establishment of an International Law to regulate the rights arising out of those securities, and in inducing the English Government to participate in the scheme, and that for this purpose a special committee be appointed by the Executive Council."

Since that time every effort has been made by the Association to enlist the interest and co-operation of the Chambers of Commerce and bankers of Great Britain in adopting common rules, with a view of establishing a common system of jurisprudence on the subject of bills of exchange as the international currency of the civilized world.

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## QUESTIONS ON POINTS OF PRACTICAL INTEREST.

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THE Council desire to express their readiness to receive, at all times, questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved :—

### PER PRO. ENDORSEMENTS TO CHEQUES.

**QUESTION I :—**Is it the practice of London bankers (a) to pay cash across the counter for cheques so discharged ? or (b) are they merely received as lodgments for accounts, as consideration for drafts, in payment of bills, and from other bankers ?

**ANSWER :** In view of the decision in the case of *Charles v. Blackwell*, which is fully dealt with in the discussion on this question reported in the Journal of the Institute for November, 1879 (see pp. 144–150, vol. i.), it is considered that the banker is fully protected in paying cheques endorsed as above, without raising any question as to the agent's authority ; and, not only are cheques universally received under the conditions stated in the latter part of the question, but it is the general practice of London bankers to pay cash across the counter for such cheques, although at the same time they reserve to themselves the right, for the protection of their customers, of requiring a verification of the authority to sign "per pro." should they think it desirable to do so.

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**QUESTION II :** Mrs. A, a married woman, and Mr. B, are appointed executors of the will of Mr. C,—has the husband of Mrs. A. a legal claim to act as executor, with power to sign cheques, &c. ?

**ANSWER :** A married woman cannot take upon herself the office of executrix without the consent of her husband, and he has the power of disposition over the personal estate vested in his wife as executrix. He, therefore, has practically the right to act as executor with power to sign cheques.

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## BANKRUPTCY LAW AMENDMENT.

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The following resolutions, fourteen in number, were adopted by the Association of Chambers of Commerce of the United Kingdom, at their Annual Meeting, held in London on the 2nd February last :—

1. "That in the opinion of this Association the principle that the Creditor of a Bankrupt should have the power of directing the Administration of the Estate by one or more Trustees selected by themselves, is a sound one, and ought to be adhered to in any new legislation on the subject of Bankruptcy."

2. "That all costs whatever incurred in such Administration, whether by Bankruptcy, Liquidation, or otherwise, should be taxed by an Officer of the Court."

3. "That no Debtor shall be entitled to his Discharge, except on an Order of the Court granting such Discharge to be made on application, of which at least seven days' notice shall be given to every Creditor who has proved his debt. The Court to hear any Creditor in opposition, and to have power to refuse, postpone, or grant such Discharge, and to annex any Conditions thereto."

4. "That the Trustee should be compelled to render periodical statements of account to the Court, and to make regular periodical dividends, as is required by law in Scotland."

5. "That it is desirable that every insolvent Debtor who fails to satisfy the Court that his insolvency has arisen from causes beyond his reasonable control, should be declared by law ineligible to occupy the position of a Member of Parliament, of a Magistrate, of a Member of a Municipal Corporation, or Treasurer or Trustee of any public body, for a term of years, unless and until he has paid to all his Creditors who have proved their debts a dividend of not less than 10s. in the pound; and that the Liquidation Clauses of the Act of 1869 be abolished, and that all Bankruptcy or Insolvency proceedings be conducted in open Court."

6. "That this Association regrets that still another Session of Parliament has gone by without the passing of a Bill for the Amendment of the Bankruptcy Law."

7. "That the Executive Council are hereby requested to take such steps as they deem desirable to secure the introduction, and, if possible, the passing of a Bill this Session, embodying the reforms which the Association has advocated from time to time."

8. "That Securities of third parties held by Creditors shall be valued, and the amount of such valuation deducted from the amount of the Creditor's debt before he is allowed to vote at Creditor's Meetings."

9. "That Debtors should file a list showing amounts due to all their Creditors, distinguishing the secured Creditors, and estimated value and nature of security held by them; such list to be filed within three days of adjudication being made against the Debtor, or of any meeting convened to receive propositions for liquidation or composition. That no Officer of the Bankruptcy or County Court or Sheriff's Officer should hold any appointment under the Bankruptcy Act. That the Registrar should be responsible for fixing the place of Meeting of Creditors, having regard to the convenience of the majority of the Creditors, which should not be done until after lists of Creditors have been filed. That all Proxies should state for what purposes they shall *not* be used—as, for example, voting for Trustee's, or any other person's remuneration, or for the Trustee's auditing his own account, or for his Discharge, or that of the Debtor."

10. "That if at any Meeting called by the Debtor no Composition or Liquidation by arrangement is resolved upon, the Court of Bankruptcy shall declare the Debtor Bankrupt on the Petition already filed by the Debtor."

11. "That the amount of the petitioning Creditors' Debts shall be reduced to £20."

12. "That Estates of deceased Insolvents shall be wound-up in Bankruptcy."

13. "That the issue of Notices to Creditors from the Bankruptcy Court having jurisdiction should act as a bar to further proceedings in any action then pending against the Debtor."

14. "That the Executive Council endeavour to secure the insertion of a Clause in the New Bankruptcy Bill, limiting the Payment of Rent in full to six months, such Clause to operate even if the landlord be in possession at the date the act of Bankruptcy is committed."

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#### THE NEW BANKRUPTCY BILL.

AN outline of the new Bill which Her Majesty's Government propose to introduce during the present Session of Parliament was

given by the President of the Board of Trade in his speech at the dinner of the Associated Chambers of Commerce. Mr. Chamberlain, having alluded to the unsatisfactory operation of the present bankruptcy law, continued as follows :—

“This is not the time to go into details of any legislation which may be proposed on the subject ; but I may say this, that the direction in which any alteration of the law should proceed is clearly marked out by the memorials which we have received from your Chambers, from bankers, from solicitors, and others interested in the question, and that the principle is this—that we should do all we can to encourage the voluntary action of creditors for the prompt and economical administration of the estate ; that we should supplement when necessary, and supervise and control as far as pecuniary transactions are concerned ; and, lastly, we should take care that, in the instance of public morality, there is full and independent investigation into the conduct of every bankrupt, and the circumstances which have led to his insolvency.”

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“LORD CAIRNS' BANKRUPTCY BILL.”

*(Communicated).*

THE Bankruptcy Law Amendment Bill recently introduced into the House of Lords by Lord Cairns, and which has been read a second time, is a verbatim reprint of that introduced by him as Lord Chancellor, in 1879. It is a consolidating and amending Bill, and would, if passed, entirely repeal the Act of 1869. It altogether ignores the various points of reform put forward in the Resolutions of the Institute of Bankers, the Incorporated Law Society, and the Associated Chambers of Commerce. It abolishes the present plan of liquidation, but re-introduces it under the form of deeds, which perpetuate all the evils of the existing system. Like several of its predecessors, it disturbs, without really reforming, and shows a want of knowledge on the part of its framers, as to the real requirements of the mercantile community. It is scarcely probable, however, that this measure will be further proceeded with in the event of the Government introducing their promised Bill,—which it is to be hoped they will do at the earliest convenient opportunity. There does not appear to be any reason why the Bill should not be at once introduced, and circulated for the information of those interested.

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POSTAL ORDERS.

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With reference to the remarks which appeared in the *Journal of the Institute* for February last, relating to the restrictions affecting the encashment of Postal Orders when presented for payment by bankers, the following question was addressed by Sir Andrew Lusk to the Postmaster-General, in the House of Commons, on the 22nd ultimo:—

Sir Andrew Lusk asked—"Whether the Post Office paid to strangers on demand postal notes presented by them; whether in such cases any, and if so what, steps were taken to identify the holder; and whether, as a matter of fact, and in the absence of any suspicious circumstances, such notes were, if in order, paid at once on demand."

To which Mr. Fawcett replied—

"When a postal order is presented to a postmaster for payment the regulations prescribe that he shall examine it carefully to satisfy himself that it is a genuine document, that he shall see that it has been made payable at his office, that the payee's name has been inserted in the body of the order, and that the person presenting it signs his name, whether he is the payee or not, in his presence. Should the postmaster be satisfied on all these points he cashes the order at once, should he not he suspends payment to make inquiry."

It is clear from Mr. Fawcett's reply that the Post Office pays postal notes over the counter on demand to absolute strangers, whereas, in the case of a banker presenting "crossed" postal notes, there appears to be a delay of at least three days in obtaining payment, notwithstanding the obvious facilities afforded by the crossing in tracing any irregularity to its source.

**BANKING LAWS AMENDMENT BILL.**

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Under this title a new Bill, having for its object the regulation of the issue of bank notes in the United Kingdom, has been introduced in the House of Commons by Messrs. Anderson, Ramsay, and Charles Maclaren. It is scarcely probable in the present state of public business, that sufficient time can be devoted to the discussion of a measure of this nature, aiming as it does at a wholesale revision of the Bank Act of 1844. As however the subject has been brought forward, the main features of the Bill are now given, and it will be seen that they are practically based on the system adopted by the National Banks of the United States.

The Bill proposes that all Bank note issues shall be secured by a deposit at the Treasury, (under the charge of an officer to be called the "Treasurer to the Banks of Issue") of Government securities to the amount of 15 per cent., market value, in excess of the amount of notes to be issued. The new issue to be allowed to any one bank not to exceed half the paid-up capital of such bank, nor the sum of £400,000. in all. It is proposed to deduct a charge for expenses at the rate of 2 per cent. per annum, on the actual amount of notes in circulation.

Provision is also made for existing banks to secure their note issues in like manner; for the audit of books and accounts under the Company's Act, 1879; for the redemption of notes in the event of the failure of a bank, and other points of detail, culminating in a proposal to pay off the State debt to the Bank of England and terminate its charter.

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**BILLS OF SALE ACT (1878) AMENDMENT BILL (No. 2.)**

This Bill, which has recently been printed, was prepared under the auspices of the Associated Chambers of Commerce of the United Kingdom, and bears the names of Mr. Serjeant Simon, Mr. C. J. Monk, Mr. C. M. Norwood, and other members of the House of Commons.

The chief provisions of the Bill are the following:—

To every bill of sale must be attached a correct inventory of all the property therein referred to, and such bill of sale shall only secure the property enumerated and described in the inventory which absolutely belonged to the person granting the bill of sale at the time of executing the same.

Every person who grants a bill of sale is required to make an affidavit to the effect that he is the absolute owner of all the property described in the bill of sale or in the annexed inventory, and that he has "not in anywise charged, assigned, or incumbered the same or any part thereof."

This affidavit must be filed with the bill at the time of registration; and it is further provided that "for the purposes of this Act an *absolute owner* shall mean, and shall be, only a person who has actually paid for the goods and chattels enumerated or described in the schedule attached or annexed to such bill of sale," and where a bill of exchange or promissory note shall have been given in whole or part payment, such document shall not be deemed a payment until after maturity.

In all cases attestation and registration, within seven days after its execution, is necessary for the validity of a bill of sale, and, further, the person to whom the bill is granted must within seven days after the registration give notice by advertisement in the "London Gazette" of the name, address, and occupation of the person giving the bill of sale, together with the name of the person in whose favour it is given.

Finally, it is provided that, if within three months after registration, the person who grants a bill of sale commits an "act of bankruptcy," the bill shall be void as against the trustee of the debtor, and the holder of the bill shall only rank as an ordinary creditor against the debtor's estate. It is not proposed to extend the measure to Scotland or Ireland.

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### SCOTCH BANKING REFORM.

REFERRING to the recent introduction into Parliament of Bills by three of the Scotch Banks—the Bank of Scotland, the Royal Bank, and the British Linen Company Bank—proposing to create a reserve of additional capital to be called for in the event of their winding up, Mr. John Leng, of Dundee, in a letter to Mr. Gladstone, dated the 22nd of January last,\* enters at length into the reasons which, in his opinion, render it desirable that a Select Committee should be appointed to inquire into and report upon the whole system of banking in Scotland before Parliament concedes any new privileges to existing banks which are not equally applicable to such new banks as may be established. In support of his arguments Mr. Leng submits an outline of the principles upon which the National Banks of the United States are conducted, and contends that in many respects their system could be advantageously adopted in this country.

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\* "Scotch Banking Reform: A Letter addressed to the Right Hon. W. E. Gladstone." By John Leng, Advertiser Office, Bank Street, Dundee.



## LEGAL DECISIONS AFFECTING BANKERS.

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As the undermentioned case, in which judgment was delivered in the Court of Chancery on the 13th of November, 1880, is of considerable interest, it has been thought desirable to give the following full reprint thereof from the "Law Reports."

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### CHILD & Co. v. THORLEY.

[1879 C. 412.]

#### *Bankers—Advances to an Executor—Executorial Purposes—Separate Account of Executor.*

One of two executors, who was himself a residuary legatee, entered an account with a banker in his own name for executorial purposes, and the banker, with notice of the dispositions under the will, made advances to the executor for payments connected with the executorship, and securities were deposited for repayment of the advances. The co-executor assented to the first advance, but upon a second advance being made to the acting executor upon other securities, he withdrew his assent, and objected to the banker being repaid out of the trust property, on the ground that the money had been placed to the separate account of the acting executor. The advances were duly applied to the purposes of the administration. Upon an action being brought by the banker for a lien upon the second securities for repayment of his advances:—

*Held*, that the banker was justified in advancing money to the acting executor for executorial purposes, and that the assent of the co-executor in the first instance was a further justification for placing confidence in the acting executor and in making further advances to him. The repayment was therefore decreed with mortgagee's costs.

This action was brought by Messrs. *Child & Co.*, the bankers, against *George Earlam Thorley* and *John Thomas Thorley*, as executors of the late *George Thorley*, of *Manchester*, claiming payment of a sum of £1,154, which had been advanced to *John T. Thorley* for executorial purposes, and asking for a declaration that the plaintiffs were entitled to a lien on certain certificates of railway stock deposited with them by *J. T. Thorley* for the amount due to them, and that the defendants might be ordered to concur with them in selling the aforesaid railway stock; or, if the Court should be of opinion that *J. T. Thorley* had no authority as executor to deposit the certificates as security for the loan, then they asked a declaration that the debt might be paid out of the share of *J. T. Thorley* in the personal estate of the testator.

The testator, by his will, dated in August, 1876, gave all his real estate to *J. T. Thorley* absolutely, and he gave the whole of his personal estate, to the value of about £40,000, to be divided between *J. T. Thorley* and his three sisters in equal shares, and he appointed *George E. Thorley* and *J. T. Thorley* executors. The will was proved by both executors, but *J. T. Thorley*, with the assent of his co-executor, assumed the principal part in the administration of the estate, and in June, 1878, he, as such acting executor, deposited with the plaintiffs, as his bankers, certain securities forming part of the estate as security for the advance of £3,000, which was required by him for executorial purposes, and these securities were afterwards sold, the transfer being signed by both executors, and the plaintiffs, at the desire of *J. T. Thorley*, placed the proceeds of the sale, amounting to £3,874, to his account, and thereout repaid themselves the advance of £3,000 with the interest due thereon. On the 22nd of January, 1879, the plaintiffs lent to the defendant, *J. T. Thorley*, as such acting executor, a further sum of £1,154, on the representation made by him that the money was required to discharge the legacy duty then payable on the testamentary residuary personal estate, and the money was so applied by *J. T. Thorley*. On the 11th of February, 1879, *J. T. Thorley* deposited with the plaintiffs certificates for £2,500 *London and North Western* preference stock standing in the names of the two defendants as executors of the testator, by way of security for the repayment of the £1,154 and interest, and these certificates now remained in the custody of the plaintiffs. The plaintiffs had lately requested the defendants to sell so much of the £2,500 railway stock as would discharge the debt of £1,154 owing to the plaintiffs, but the defendants had refused to comply with the request on the ground that the loan was made to the defendant *J. T. Thorley* personally, and must be discharged by him alone; whereas the plaintiffs alleged that such loan was made by them to *J. T. Thorley* as executor, and that the deposit of railway stock was also made by him as such executor.

The evidence was taken *vivâ voce*, and it was proved that the plaintiffs knew that *J. T. Thorley* was one of the residuary legatees of the testator, and would be entitled to above £9,000; that the account at the bank was entered in the name *J. T. Thorley* as an executorship account; that *George E. Thorley* had been informed of the loan of £3,000 to *J. T. Thorley*, and had signed the transfer of the stock by which that loan was paid off; and had afterwards signed the following document addressed to the plaintiffs: "Follow the instructions of Mr. *J. T. Thorley* as to the disposal of the proceeds of the sale effected on the 16th inst. of the undermentioned securities" (here followed a list of the securities which had been so transferred).

It was further proved that after the second advance made to

*J. T. Thorley* by the bankers, *George E. Thorley* withdrew his authority for the disposal of the certificates of railway stock subsequently deposited by *J. T. Thorley* as security for the advance of £1,164.

The defendants had put in a counter-claim, asking for a declaration that they were entitled to credit for the £3,874, as being improperly carried to the separate account of *J. T. Thorley*.

*Bristowe, Q.C., and W. Karslake, for Child & Co. :—*

We are clearly entitled to repayment of the advances made by us to *J. T. Thorley* for executorial purposes. It is proved that *J. T. Thorley* was permitted by his co-executor to take the acting part in the management of the testator's estate, and that he applied to us as executor for an advance for the express purpose of the executorship. We knew that he was entitled to at least £9,000 as his share of the residue, and we were justified in making the advances, which did not exceed the sum to which he was entitled. Moreover, his co-executor, *Mr. George Thorley*, was aware that *Mr. J. T. Thorley* had borrowed the first £3,000 upon securities deposited with the bankers, and had not only signed the transfer of the securities, so as to enable *Messrs. Child & Co.* to obtain the money, but had also signed that conclusive document—"Follow the instructions of *J. T. Thorley* as to the disposal of the proceeds." The proceeds were, as a matter of course, applied, at the direction of *J. T. Thorley*, in paying off the loan from the bankers. Yet it is to obtain repayment of that amount that the defendants have put in their counterclaim. Then as to the other advances, *Messrs. Child* were justified in allowing *J. T. Thorley* to have the money for executorial purposes, when they knew it was so applied, and they are entitled to be repaid out of the estate of the testator.

*Higgins, Q.C., and Woodhouse, for George Thorley :—*

We maintain that the money advanced by the bankers was placed by them to the private account of *J. T. Thorley*. They knew it was derived from the estate of the testator, and although *George Thorley* sanctioned the sale of the securities, the object was that it should be applied for executorial purposes; whereas *J. T. Thorley* repaid the money to the bankers which he had obtained for payment of his own share in the residue, and his account at the bankers was overdrawn. The money was, in fact, transferred from the executorial account to the private account of *J. T. Thorley*.

There was nothing to justify the bankers in taking that course. The case of *Bridgman v. Gill* (1) is in our favour. There a fund was standing to the account of two trustees in the books of some bankers, who had notice that it was a trust fund, and it was

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(1) 24 Beav. 302.

held that the trustees might sue the bankers for having transferred it to the account of one of the *cestuis que trust* in payment of a debt due to themselves: *Wilson v. Moore* (1).

Then as to the second advance, there was a distinct withdrawal of authority by *George Thorley* for the bankers to make any further advances to *J. T. Thorley*, and although there is no evidence of *George Thorley* having shown a distrust of his co-executor, that fact was sufficient to put the bankers on their guard.

*Fisher, for J. T. Thorley.*

MALINS, V.C. :—

I cannot help saying that this is, in my opinion, a most unjustifiable defence which is set up by these two executors against the claim which Messrs. *Child & Co.* have on the estate. I call it unjustifiable because I now have it in evidence from the defendants' own witness, Mr. *John Thomas Thorley*, that at the time when the transaction as to the loan of the £3,000, which is the main transaction in question, took place—whether I look upon it as an individual transaction, or whether I look upon it as a transaction as executor—he had an abundant interest to justify the borrowing of the money, inasmuch as at that time he had only received £5,000 on account of his residuary share of the residue, which he says is nearly £10,000, or certainly over £9,000. Moreover, he has also sworn that he has not overdrawn his share, that his share is underdrawn, and further he swears that if he has overdrawn he is in a situation to pay the difference.

Therefore, what justification could there be for such a defence as this?

Before I enter into the particular circumstances of this case, I must state that Mr. *Woodhouse* proposed to cite authorities. I told him it was totally unnecessary. They have been mentioned, and to mention them is quite enough, because the law is perfectly clear, that if bankers, or merchants, or anybody else, have a debt due from a trustee, or an executor who is a trustee, and knowing that it is a mere private debt, apply, or allow to be applied, the estate of the testator, or a trust fund of any description, in payment of that private debt, in no way connected with the trust fund, they must repay all the money which is so applied. The great authority which is always referred to on that subject is the case of *Wilson v. Moore* (1). That was on the original hearing before Sir *John Leach*, and on appeal it is reported in the same volume affirming his decision. What is it? That was a case in which *Marryat & Co.*, great merchants of those days—about forty-five years ago—had customers with whom they had carried on large

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(1) 1 My. & K. 337.

transactions, foreign correspondents, and those customers had become indebted to them in the sum of about £20,000. Those customers were executors of their father's estate, and *Marryat & Co.* had also a power of attorney which enabled them to act for the executors, and with full knowledge that the debt was the debt of the individual, they sold off a sufficient part of the testator's estate to repay themselves their debt. A bill was afterwards filed against them by the residuary legatees to compel them to refund this payment. The decision was that they had received the money with the knowledge that it had been misapplied, and they were therefore decreed to repay all the moneys received with interest and costs.

That being the general rule, that principle is attempted to be applied by the defendants in this case. What warrant is there for it? Look at the transaction as it is stated by Mr. *Fane* on the part of the plaintiffs, and by the defendant, Mr. *J. T. Thorley*, in the account which he has given of his own transactions. It appears that Mr. *Fane* was acquainted with Mr. *J. T. Thorley*, who was frequently in the habit of visiting at his house. He seems to be a gentleman of education, but it is perfectly clear he was not a rich man but rather the contrary, and it was communicated to Mr. *Fane* that the uncle had made him one of the residuary legatees, and his share in the residue would be about £10,000.

The transaction which I have to decide upon took place on the 17th of June, 1878. It is agreed on both sides that up to that day Messrs. *Child & Co.* had had nothing whatever to do with the estate of *George Thorley*, the testator. They had had no deeds in their possession. They had had no connection with it whatever, nor had they with *J. T. Thorley*. Although he was acquainted with Mr. *Fane*, he had no banking account opened, and had had no transactions whatever before that time. Being thus acquainted with Mr. *Fane*, one of the senior members of Messrs. *Child & Co.*, he goes to the banking house and, according to his own statement, asks Mr. *Fane* to do him a great favour. I think the whole thing may be decided on his evidence. He says: "Mr. *Fane* was aware I was an executor and a beneficiary under the will of my uncle, he had congratulated me at his own house some time before; I think I had stated that I expected about £10,000 under the will." Now as to the transaction, here is his account of it. "I told him I wanted £3,000 at once. I told him the only securities I could give were certificates standing in the joint names of my co-executor and myself. He asked me if the payments I wanted to make were strict payments out of the estate." That I understand to mean payments that he was strictly entitled to make out of the estate. "I told him yes. I told him I wanted a considerable sum which I had paid for the estate." That, he said, was between £400 and £500. Then he said, "I want a considerable sum for myself in

payment of my part of the share and also to repay myself the few hundreds which I had paid out of my own money for the estate. Mr. Fane then said he would be very happy to oblige me, and advanced me the money. Nothing was said about the amount of my share at that time." So that he told Mr. Fane, according to the evidence he has given, that it was strictly for the purposes of the estate. Now, those being the purposes, what was his position at that time? There were two executors, and Mr. George Thorley this morning, in answer to a question I put to him, admitted that he left the management of the estate to his co-executor, and that Mr. J. T. Thorley was the acting executor. Does he go beyond his authority in receiving money for the purposes of the estate? Is it necessary that two executors should concur in every act which is done regarding the estate? Then having so represented that he was an executor, although he had not opened the account as executor, but in the name of John Thomas Thorley, still it was a transaction as executor. As executor he borrowed the money, and the estate must repay it, even if it had stood there without anything more being done. But what does he do more? The co-executor having left the transaction of all the business to him, he raises money for various purposes connected with the estate. What is the conduct of the co-executor? Here I have the documents signed by him. Supposing a man does a thing professing to be one of two executors, and the transaction is brought to the attention of the co-executor, what would you expect would be his act? If he objected to the transaction he would repudiate it at once. What is the evidence of Mr. George Thorley? He says Mr. Fane told him of the advance of the £3,000—did he object? I have it most expressly from him that he did not on that occasion, or on any occasion whatever, by word of mouth or by letter, intimate to Messrs. Child & Co. the slightest dissatisfaction with the conduct of his co-executor, or any distrust in his integrity in the management of the estate. So far from that, let us see what took place. On the 17th of June, 1878, there was a carefully drawn-up document in the handwriting of Mr. J. T. Thorley at the time he deposited all these documents. "I hereby undertake to deposit with Messrs. Child & Co. the before-mentioned certificates of stock and to obtain a transfer of the same into their names unless the loan of £3,000 be discharged before one month from this date." Mr. Fane believed his statement, and the statement turns out to be true, that he had borrowed it strictly and entirely for the purposes of the will, and he undertakes, if the money is not paid within one month, to obtain a transfer of the stock. It seems that Messrs. Child & Co. did not insist upon the strict performance of that contract, and did not require the payment at the expiration of a month, for I find that nothing was done in the matter until January, 1879, that is, seven months afterwards. What does he

do then? He directs them to sell the stock deposited in their hands, and he gives this document of the 15th of January, 1879, to Messrs. *Child & Co.*: "Sell out of the joint names of *Geo. E. Thorley* and *John T. Thorley* fourteen hundred *South Eastern Railway* 5 per cent. perpetual debenture stock," and it includes all the stock in question which has been sold for £3,874. Messrs. *Child & Co.* knew perfectly well that that order could not be obeyed, and that the order of *John T. Thorley* alone could not be acted upon, therefore Mr. *Fane* says, I drew out a document for the signature of the co-executor, *Geo. E. Thorley*. It was taken to him, and it was returned to me signed, and is in these terms: "Follow the instructions of Mr. *J. T. Thorley* as to the disposal of the proceeds of the sale effected on the 16th instant of fourteen hundred pounds *South Eastern Railway* debenture stock." Then he enumerates the same things that are included in the order of Mr. *John T. Thorley* of the 15th of January. There is a further document in the same words as to the rest of the securities, and that is signed again by *G. E. Thorley*. If there had been any doubt about the transactions having been originally for the benefit of the estate, all that is at once removed by the co-executor signing this authority. And he also executed the transfer by which Messrs. *Child & Co.* were able to sell the stock, and the stock was sold and the proceeds carried to the credit of the account on the 6th of February, 1879.

Now, therefore, are parties to come here and discuss whether one executor can act without the authority of the other? No doubt he can to a certain extent. Such a question does not, however, arise here, because all that *J. T. Thorley* did alone was absolutely confirmed by this authority signed by *George Thorley*, and the transfers completing the transactions commenced by *J. T. Thorley*; and Messrs. *Child & Co.*, who had acquired an equitable title to the assets, then obtained a legal transfer, which they executed by selling the stock and applying the proceeds in payment of the debt of £3,000 and interest, which had been borrowed on the 17th of June, 1878. But it does not stop there, for upon the 15th of January, 1879, Mr. *Fane* being absent, *J. T. Thorley* sees Mr. *Evans*, one of the junior partners of the firm, and he tells Mr. *Evans* that he wants £700 for the purposes of the will. Mr. *Evans* believed that statement made by Mr. *Thorley*, as he would naturally believe a gentleman in his position in life, and he believed that *J. T. Thorley* had authority, which he might well be supposed to have, and, accordingly, he advanced him the £700. But even there it does not stop, for afterwards, on the 22nd of January, a further sum of £1,154 was advanced by Mr. *Fane* on the representation by *J. T. Thorley* that he wanted the money to pay the legacy duties. On that occasion Mr. *Fane* was very cautious, for he had the cheque drawn to the order of Mr.

Wood, the solicitor of the estate, a solicitor at Woodbridge, and the cheque was sent to Mr. Wood for his indorsement. It was crossed "*The Bank of England*," where it must go for the payment of legacy duty, and indorsed by Mr. Wood, and that money actually went to pay the legacy duties. Now, a transaction more simple it would be difficult to imagine. The act of one executor confirmed by the other. But then comes the grave charge that Messrs. *Child & Co.* were actually guilty of the impropriety of transferring the money, the produce of the sale under the authority of *J. T. Thorley* and *George Thorley*, to the private account of *J. T. Thorley*. What was the private account of *J. T. Thorley*? The private account is this: an account not headed as a private account in the books, but the account which he had opened for the purposes of the estate on the 17th of June, 1878. Why did they transfer it to this account? Had they not got these authorities from Mr. *G. Thorley*: "Follow the instructions of Mr. *J. T. Thorley* as to the disposal of the proceeds of the sale effected on the 16th instant." That is, do whatever he tells you to do. What did he tell them to do with it? He told them by the letter of the 10th of February, "Transfer to my private account the balance standing to the credit of my executorship account, and reduce my advances by the amount so transferred." Upon that they followed the instructions of the co-executor. The defence set up is that this is a private account, and therefore they are not entitled to charge the debt of the private against the executorship account. The thing utterly fails in its facts, and has no approach to the circumstances of the cases which have decided that an individual debt of a trustee cannot be paid out of the trust estate, because here it was the action of both executors—originally of one acting strictly in pursuance of the authority which his co-executor had given to him to act in the meantime for the estate generally. I say, therefore, that when he contracted the loan on the 17th he was acting within his discretion and duty, because he was acting as he was authorised to act by the co-executor. Nothing can be more clear, in my mind, than this, that all that was done here was done by the authority of both executors. It was shown, not only by parol evidence, but by the written documents under the hand of *George Thorley*, and nothing whatever was done by Messrs. *Child* which was not warranted by the written documents in the transaction and the evidence which has been given.

As I have already said, the transaction was not irregular, was not improper. It was not irregular for the bankers to advance money to one of two executors for the purposes of the will, if they were led to believe it was for the purposes of the will, and moreover the co-executor, being informed of all the facts, deliberately confirms them and never makes the slightest complaint of what his co-executor has done. *George Thorley* said he did counter-



mand the second authority to sell because the stock had not then been sold, but he did not countermand the first because he considered that the proceeds had been appropriated. How had they been appropriated? He knew perfectly well that they had been appropriated in payment of that debt, and he had sanctioned that. He knew it had been raised for the purpose of the estate, and that he could not with any propriety repudiate or attempt to repudiate what had been done.

The defence, therefore, set up is, in my opinion, to the last degree unjustifiable; and I am very sorry that I am not armed with the power of making the persons who set it up indemnify Messrs. *Child & Co.* by paying their costs as between solicitor and client.

The counter-claim will be dismissed with costs, and there will be a declaration that the plaintiffs have a lien upon the £2,500 *North Western* stock which was deposited by *J. T. Thorley* to secure the ultimate balance due to them. The costs will be taxed, and the plaintiffs will be entitled to mortgagees' costs properly incurred, as it is a mortgagee's suit; and after the payment of costs the balance will be paid over to the executors. It will be more formal to take an account of what is due to the plaintiffs for principal, interest, and costs as mortgagees, and the plaintiffs will have a lien for those costs, and also the costs of the suit, all of which will be added to the plaintiffs' security.

Solicitors : *Finch, Jennings, & Finch ; Coombe & Wainwright.*

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*(Corrected to 1st March, 1881.)*

# THE INSTITUTE OF BANKERS

(FOUNDED 1879),

11 &amp; 12, CLEMENT'S LANE, LONDON, E.C.

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## AN OUTLINE OF THE OBJECTS OF THE INSTITUTE OF BANKERS.

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THE Institute is an Association of gentlemen connected with the various branches of Banking. Its primary object is to facilitate the consideration and discussion of matters of interest to the profession, and, where advisable, to take measures to further the decisions arrived at; and its secondary object is to give opportunities for the acquisition of a knowledge of the theory of banking.

The Institute affords facilities for the reading, discussion, and publication of approved papers by Members and others; issues Certificates to those who may pass Examinations approved of from time to time by the Council of the Institute; and, by donations of books and purchases, has laid the foundation of a valuable Reference Library, consisting of works on Banking, Commerce, Finance, and Political Economy.

The Ordinary Meetings of the Institute are held monthly, from October to May, and the papers read on these occasions, together with the discussions thereon, are published in the Institute's Journal, which also contains under the head of "QUESTIONS ON POINTS OF PRACTICAL INTEREST" a variety of carefully considered information on subjects of daily recurring interest to the profession. It is believed that the ventilation of these questions by means of the Journal will materially tend to promote that uniformity of practice among Bankers, which it is one of the main objects of this Institute to effect.

The Institute consists of Fellows, Associates, and Ordinary Members, forming together a body, at the present time, of about 1,800 Members.

The Annual Subscription to the Institute is Two Guineas for Fellows, One Guinea for Associates, and Ten Shillings and Sixpence for Ordinary Members, payable in advance, on the 1st January in each year, unless the date of admission be later than the 30th June, when only a half-year's subscription is so payable.

All future Annual Subscriptions may be compounded for by a payment, at any one time, of Twenty Guineas for Fellows, and Ten Guineas for Associates.

Forms of Application for election, and any further information, will be supplied on application to the Secretary.

*March, 1881.*

# CALENDAR FOR SESSION 1880—81.

## OCTOBER, 1880.

Friday ..	1	8	15	22	29
Saturday ..	2	9	16	23	30
Sunday ..	3	10	17	24	31
Monday ..	4	11	18	25	
Tuesday ..	5	12	19	26	
Wednesday ..	6	13	<b>20</b>	27	
Thursday ..	7	14	21	28	

## NOVEMBER.

Monday ..	1	8	15	22	29
Tuesday ..	2	9	16	23	30
Wednesday ..	3	10	<b>17</b>	24	
Thursday ..	4	11	18	25	
Friday ..	5	12	19	26	
Saturday ..	6	13	20	27	
Sunday ..	7	14	21	28	

## DECEMBER.

Wednesday ..	1	8	<b>15</b>	22	29
Thursday ..	2	9	16	23	30
Friday ..	3	10	17	24	31
Saturday ..	4	11	18	25	
Sunday ..	5	12	19	26	
Monday ..	6	13	20	27	
Tuesday ..	7	14	21	28	

## JANUARY, 1881.

Saturday ..	1	8	15	22	29
Sunday ..	2	9	16	23	30
Monday ..	3	10	17	24	31
Tuesday ..	4	11	18	25	
Wednesday ..	5	12	<b>19</b>	26	
Thursday ..	6	13	20	27	
Friday ..	7	14	21	28	

## FEBRUARY.

Tuesday ..	1	8	15	22	
Wednesday ..	2	9	<b>16</b>	23	
Thursday ..	3	10	17	24	
Friday ..	4	11	18	25	
Saturday ..	5	12	19	26	
Sunday ..	6	13	20	27	
Monday ..	7	14	21	28	

## MARCH.

Tuesday ..	1	8	15	22	29
Wednesday ..	2	9	<b>16</b>	23	30
Thursday ..	3	10	17	24	31
Friday ..	4	11	18	25	
Saturday ..	5	12	19	26	
Sunday ..	6	13	20	27	
Monday ..	7	14	21	28	

## APRIL.

Friday ..	1	8	15	22	29
Saturday ..	2	9	16	23	30
Sunday ..	3	10	17	24	
Monday ..	4	11	18	25	
Tuesday ..	5	12	19	26	
Wednesday ..	6	13	<b>20</b>	27	
Thursday ..	7	14	21	28	

## MAY.

Sunday ..	1	8	15	22	29
Monday ..	2	9	16	23	30
Tuesday ..	3	10	17	24	31
Wednesday ..	4	11	<b>18</b>	25	
Thursday ..	5	12	19	26	
Friday ..	6	13	20	27	
Saturday ..	7	14	21	28	

## JUNE.

Wednesday ..	1	8	15	22	29
Thursday ..	2	9	16	23	30
Friday ..	3	10	17	24	
Saturday ..	4	11	18	25	
Sunday ..	5	12	19	26	
Monday ..	6	13	20	27	
Tuesday ..	7	14	21	28	

## JULY.

Friday ..	1	8	15	22	29
Saturday ..	2	9	16	23	30
Sunday ..	3	10	17	24	31
Monday ..	4	11	18	25	
Tuesday ..	5	12	19	26	
Wednesday ..	6	13	20	27	
Thursday ..	7	14	21	28	

## AUGUST.

Monday ..	1	8	15	22	29
Tuesday ..	2	9	16	23	30
Wednesday ..	3	10	17	24	31
Thursday ..	4	11	18	25	
Friday ..	5	12	19	26	
Saturday ..	6	13	20	27	
Sunday ..	7	14	21	28	

## SEPTEMBER.

Thursday ..	1	8	15	22	29
Friday ..	2	9	16	23	30
Saturday ..	3	10	17	24	
Sunday ..	4	11	18	25	
Monday ..	5	12	19	26	
Tuesday ..	6	13	20	27	
Wednesday ..	7	14	21	28	

Dates of Meetings are distinguished by large black figures.

## NOTICES TO MEMBERS.

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The Ordinary Meetings of the Institute for the reading and discussion of Papers are held in the Theatre of the London Institute, Finsbury Circus, E.C., on the *third Wednesday* of the months October to May inclusive.

The Annual General Meeting will in future be held at the conclusion of the Ordinary May Meeting.

Notice of Meetings, Titles of Papers, and of the Dates assigned to them, will be given from time to time in the Journal, or by advertisement in the principal papers about one week before each meeting.

Notice will also be sent to Fellows and Associates of the discussion of any *Questions on points of practical interest* at the above meetings.

Visitors may obtain a card of admission to the ordinary meetings on the presentation to the Secretary, at the Offices of the Institute, of an introduction from a Fellow or Associate. *This privilege may, however, under certain circumstances, have to be restricted.*

Members and others are invited to submit to the Council, for their approval, papers on any subjects of general interests to the profession, with a view to such papers being read at one of the Ordinary Meetings of the Institute.

To enable the Council to carry into effect one of the primary objects of the Institute, viz., the discussion of matters of interest to the profession, they invite Fellows and others to acquaint them, through the Secretary, with any *Questions on points of practical interest* which may from time to time arise, so that, should it be deemed advisable, due notice being given, such questions may be fully discussed at one of the Ordinary Meetings of the Institute, or answered through the Journal, as the Council may determine.

The Reference Library, consisting of Works on Banking, Commerce, Finance and Political Economy, now contains above one hundred volumes of standard works (a catalogue of which will be found on page 199), and the Council desire to intimate to Members and others that they will be glad to receive donations of books on the above subjects for addition to the Library.

If not out of print, *Members* may obtain a *single* copy of each of the back numbers (I. to XIII., composing Vol. I.) of the Journal, at the reduced price of 1s. each for Parts I., II., III., V., VII., VIII., IX. and XII., and 1s. 6d. each for Parts IV., VI., X., XI., and XIII., on remitting the amount payable for the same to the Secretary. Parts I. and II., Vol. II., may also be obtained at 1s. each.

A title page, and a carefully prepared index, in great detail, is issued with the last number of each yearly Volume of the Journal.

The Journal is for the present, published in eight consecutive months, namely, from December to the July following, with a further issue of one or two numbers during the Autumn. The date of publication is on or about the first day of the months named.

To ensure punctual delivery, *Members* are especially requested to inform the Secretary, without delay, of any change in their Addresses.

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## SUBJECT AND CONDITIONS FOR PRIZE ESSAY.

### SESSION 1880-81.

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THE following is the title of the Essay to which a First Prize of £20 and a Second Prize of £10 will be awarded at the October meeting of the Institute, 1881. The Essays must be lodged with the Secretary on or before the 30th June, 1881.

**“AN OUTLINE OF BANKRUPTCY LEGISLATION IN ENGLAND DURING THE PRESENT CENTURY, TOGETHER WITH THAT OF SOME OF THE PRINCIPAL COMMERCIAL COUNTRIES OF THE WORLD;—WITH A COMPARISON OF THE OBJECTS SOUGHT FOR AND THE RESULTS OBTAINED.”\***

The following are the conditions :—

Each Essay to bear a motto, and be accompanied by a sealed letter, marked with the like motto, and containing the name and address of the author; such letter not to be opened, except in the case of the successful Essay.

No Essay to exceed in length 75 pages (8vo) of this publication; and distinct references should be made to such authorities as may be quoted or referred to.

The Council shall, if they see fit, cause the successful Essays, or abridgments thereof, to be read at a meeting of the Institute of Bankers, and shall have the right of publishing the Essays in their journal one month before their appearance in any separate independent form; this right of publication to continue till six months after the award of the Prizes.

Competition for the above Prizes shall be limited to the Associates and Members of the Institute of Bankers.

The Council shall not award the Prizes, except to the authors of Essays, in their opinion, of a sufficient standard of merit.

The Essays must be legibly written and on one side of the paper only.

If further explanation is required, it may be obtained from the Secretary, at the offices of the Institute, 11 and 12, Clement's Lane, E.C.

*October 31st, 1880.*

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\* Valuable information on this subject may be found in the various Acts of Parliament, the Reports of the Comptroller in Bankruptcy, the translations of the French and German Bankruptcy Laws (printed by Messrs. Eyre and Spottiswoode); in the *Journal* of this Institute; in Murdoch's *Manual of Scotch Bankruptcy Law*; and in Williams's *Law and Practice of Bankruptcy*. It would also be desirable to obtain information as to the working of the American (U.S.) Laws.



## CONSTITUTION OF THE INSTITUTE OF BANKERS.

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1. The name of the Institute is "The INSTITUTE OF BANKERS."

2. The Institute is an Association of gentlemen connected with the various branches of Banking. Its primary object is to facilitate the consideration and discussion of matters of interest to the profession, and, where advisable, to take measures to further the decisions arrived at; and its secondary object is to afford opportunities for the acquisition of a knowledge of the theory of Banking.

3. The Institute shall afford facilities for the reading, discussion and publication of approved papers, by Members and others; shall, when desirable, recognise and arrange for the delivery of Lectures on Banking, Mercantile Law, Political Economy, and other kindred subjects; shall issue Certificates to those who may pass Examinations approved of from time to time by the Council of the Institute; and shall found a Library, consisting of Works on Banking, Commerce, Finance, and Political Economy.

4. If the Council shall at any time, or from time to time, think it desirable to acquire for the purposes of the Institute the whole or part of any building or buildings, they shall have power to purchase or lease the same upon such terms as they shall think fit, and they shall also have power from time to time to sell or surrender any premises which, in their judgment, are no longer required for such objects.

5. The Members of the Institute are Fellows, Associates, and Ordinary Members:—

FELLOWS shall be elected by the Council. Each applicant for admission as a Fellow shall be nominated by two or more Fellows, who shall certify in writing that the candidate is a fit person to be elected a Fellow of the Institute of Bankers.

The Council shall have power to elect as Honorary Fellows men of distinction in the practice or literature of Banking, Mercantile Law, Political Economy, or other kindred subjects.

ASSOCIATES shall in future be elected by the Council from those who have not been less than ten years in the service of any Bank; or from those who have passed the Examination instituted or recognised by the Council; or from those who, being

on the staff of a Bank, are Graduates of any University. Each applicant for admission as an Associate shall in every case be proposed by two Fellows of the Institute, who shall certify in writing that the Candidate is a fit person to be elected an Associate of the Institute of Bankers.

**ORDINARY MEMBERS.**—Clerks on the staff of any Banking Establishment, and who shall be approved by the Council.

6. Associates and Ordinary Members, as well as Fellows, shall have the right to be present at the various meetings of the Institute; but in any case when any election is to be made, or the opinion or decision of the Institute is to be taken on any subject or question by vote, at any Meeting, ordinary or special, the Fellows and Associates of the Institute shall, except where otherwise specially provided by the Constitution, alone be entitled to vote.

7. The control of the Institute shall be vested in the President; Vice-Presidents, Treasurer, and Council for the time being.

8. The President, Vice-Presidents, and Treasurer shall *ex-officio* be Members of the Council. They shall be elected, each year, at the Annual General Meeting, from among the Fellows of the Institute. Each shall be eligible for re-election, and shall hold office until his successor is appointed.

The Council shall be not more than twenty-four in number, exclusive of the President, Vice-Presidents, and Treasurer. At each Annual General Meeting, six members of the Council shall retire from office. The order of retirement shall be determined by the Council. Each shall be eligible for re-election. At each Annual General Meeting, a sufficient number of Members of Council shall be elected from among the Fellows, to supply the places of those retiring.

The notice convening the Annual General Meeting shall state the names of those recommended by the Council for election as President, Vice-Presidents, Treasurer, and as Members of Council to supply the places of those retiring.

9. On any extraordinary vacancy of the office of the President, or any Officer other than Trustee of the Institute, or in the Council, a meeting of the Council shall be summoned with as little delay as possible, and shall choose a new President or other Officer of the Institute, or Member of the Council, as the case may be, to hold office until the next Annual General Meeting.

10. **AUDITORS.**—At the Annual General Meeting in each year, two Fellows of the Institute, not being Members of the Council, shall be elected to act as Auditors for the ensuing year.

The Auditors shall hold office until the next Annual General Meeting and shall be eligible for re-election.

11. **TRUSTEES.**—The property of the Institute shall be vested in three Trustees, and a Resolution of the Council shall, in all cases, be a sufficient authority and protection to the Trustees for and in respect of any conveyance, transfer, payment, or other act thereby directed.

The present Trustees are Sir John Lubbock, Bart., M.P., Richard B. Martin, Esq., M.P., and George Rae, Esq. Each Trustee, whether already appointed or to be appointed, shall hold office until his death, resignation, or removal.

Any Trustee may retire from office on giving a written notice, addressed to the Council, of his desire so to do. Any Trustee may be removed, at a Special General Meeting, if it shall be determined at the meeting that sufficient cause exists for such removal, and any vacancy in the office of Trustees may be supplied from among the Fellows at the same or any other Special General Meeting.

12. The Council shall appoint two or more of their number to be Honorary Secretaries, and engage such paid Officers as they from time to time deem necessary.

13. The Council shall meet once a month, or oftener, as may be requisite. Five members to be a quorum.

14. The Council may, from time to time, issue a Journal, or such other publication as they may think desirable, and for this purpose appoint one of their Members to be Honorary Editor, and engage such paid assistance, and apply in paying the expenses of the Journal such part of the funds of the Institute as in their judgment may be necessary.

15. The Subscriptions to the Institute shall be Two Guineas for Fellows, One Guinea for Associates, and Ten Shillings and Sixpence for Ordinary Members, payable annually, in advance, on the 1st of January in each year, which may be compounded for by payment, at any one time, of Twenty Guineas for Fellows, and Ten Guineas for Associates. One year's subscription shall be payable on admission, unless the date of admission be later than the 30th of June, when only a half-year's subscription shall be so payable.

16. Any Fellow, Associate, or Ordinary Member who shall not have paid his Subscription before the 1st of March in any year may be declared a defaulter by the Council, whereupon he shall cease to be a Member of the Institute.

17. Any Fellow, Associate, or Ordinary Member may resign, on giving notice of his intention, in writing, to the Council; but no one can withdraw his name from the books of the Institute unless his Subscription shall have been paid for the year in which the notice of his resignation is received.

18. A majority of not less than three-fourths of the Members of

the Council present at a meeting, special notice having been given for that purpose, may remove from the books of the Institute the name of any Fellow, Associate, or Ordinary Member, who, in their judgment, shall have been guilty of any act derogatory to his character and reputation, and calculated to bring discredit on the Institute, and he shall thereupon cease to be a Member of the Institute.

19. The Ordinary General Meetings of the Institute shall be monthly or oftener during the Session, which shall be from October to May, both inclusive, on such days and at such hours as the Council shall declare. The Council may, when it appears to them necessary, and shall on the written requisition of not less than fifty Members of the Institute, of whom not less than fifteen shall be Fellows, call a Special General Meeting of the Institute.

20. A General Meeting of Fellows, Associates, and Ordinary Members shall be held once in every year, at such time as the Council may determine, to receive the report of the Council and the Treasurer's accounts, to elect the Officers of the Institute, and to decide questions concerning its Rules and management.

21. All election, whether by the Council or otherwise, shall be by ballot, and, except where the Constitution shall otherwise provide, all elections and all questions shall be determined by a majority of Votes.

22. A majority of the Fellows, Associates, and Ordinary Members present at a Special General Meeting shall have power to make, from time to time, any alterations in the Constitution not inconsistent with its main object, but no alteration shall be made without notice of the proposed alteration having been given in the notice convening the meeting, nor until the minutes of such meeting have been confirmed at a subsequent General Meeting, Ordinary or Special, at which subsequent meeting Ordinary Members, as well as Fellows and Associates, shall have the right to vote.

23. All notices of General Meetings shall be either delivered at, or sent by post to, the last known place of business of each Member of the Institute ten days at least before the day of the meeting. Every notice of a Special General Meeting shall specify the object with which such meeting is convened.

24. The Council may, from time to time, make such Bye-laws, not inconsistent with this Constitution, as in their judgment may be necessary or desirable in the interests of the Institute.

25. All persons either admitted as Fellows, Associates, or Ordinary Members shall, upon their admission, sign a declaration (in the form annexed) to observe the Rules, Regulations, and Bye-Laws of the Institute for the time being in force.

**DECLARATION OF MEMBERSHIP.**

Christian names and Sur-  
name in full, clearly  
written.

I, \_\_\_\_\_

do hereby declare, that I will endeavour to further the good of the Institute of Bankers, and the ends for which the same has been founded, and that I will keep and fulfil the Rules and Orders of the Institute, provided that whensoever I shall make known in writing under my hand, to the Council for the time being, that I desire to withdraw from the Institute, I shall be free thenceforward from this obligation.

_____	} <i>Fellow,</i> <i>Associate,</i> <i>or</i> <i>Ordinary</i> <i>Member.</i>
_____	
_____	

Dated this \_\_\_\_\_

day of \_\_\_\_\_ 18

Members are requested to note that the above form of declaration (a copy of which is forwarded to each Fellow, Associate or Ordinary Member, with the notice of his election) should be filled up and transmitted to the Secretary, together with amount of annual subscription, due on election, with as little delay as possible.

## EXAMINATION SCHEME.

The following are the forms of the Certificate and Memorandum of Passing issued to Members who have passed the Advanced or Preliminary Examination of the Institute, as the case may be.

### CERTIFICATE OF THE INSTITUTE.

(PURSUANT TO CLAUSE III OF THE CONSTITUTION THEREOF.)

We, the President of the Institute of Bankers, and the Chairman of the Council for the time being, do hereby certify that

now\* \_\_\_\_\_ of the Institute, has duly passed the Examination for the Certificate of the Institute, held on the \_\_\_\_\_ in the various subjects selected by the Council, namely :—

Arithmetic and Elementary Algebra.
Book-keeping.                      Commercial Law.
Political Economy.                Practical Banking.

_____	<i>President.</i>
_____	} <i>Chairman</i>
_____	} <i>of the</i>
	} <i>Council.</i>

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 18 .

### MEMORANDUM OF PASSING.

THIS is to certify that now\* \_\_\_\_\_ of the Institute of Bankers, has duly passed the Preliminary Examination for the Certificate of the Institute, held on the \_\_\_\_\_ in the various subjects selected by the Council, namely :—

Arithmetic and Elementary Algebra.
Book-keeping.                      Commercial Law.
Political Economy.                Practical Banking.

By order of the Council,

_____	<i>Secretary.</i>
Dated this _____ day of _____ 18 .	

\* An Ordinary Member or an Associate (as the case may be).

## LIST OF FELLOWS.†

- Abell, George Edmund, Worcester City and County Banking Co., Limited, Worcester  
 Aitchison, William John, Union Bank of London, 2, Princes Street, E.C.  
 Alexander, William, Messrs. Alexanders & Co., Ipswich  
 Allen, William John Campbell, Ulster Banking Co., Belfast.  
 Andrews, Michael, Bank of New Zealand, Nelson, N.Z.  
 Antroub, Hugh Lindsay, Messrs. Coutts & Co., 59, Strand, W.C.  
 Archer, Francis Bradley, Union Bank of London, Chancery Lane, W.C.  
 Ashby, John, Messrs. Thos. Ashby & Co., Staines  
 Atherden, Thomas Henry, Messrs. Rocks, Eyton & Co., The Old Bank, Ludlow  
 Atkinson, Henry John, City Bank, Limited, Threadneedle Street, E.C.  
 Baguley, John Edward, London and County Banking Co., Limited, 21, Lombard Street, E.C.  
 Baker, Gerald Thomas, Union Bank of Australia, Limited, Wagga Wagga, N.S.W.  
 Banks, Richard William, Messrs. Davies, Banks & Co., Kingston, Herefordshire  
 Barber, James Henry, Sheffield Banking Co., Limited, Sheffield.  
 Barbour, David M., United Service Club, Calcutta, India.  
 Barclay, Hugh Gurney, Messrs. Gurney's, Birkbeck & Co., Norwich  
 Barclay, Joseph Gurney, Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Barclay, Robert, Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Barker, Hilton Cassanet, Messrs. G. Barker & Co., 39, Mark Lane, E.C.  
 Barker, William, Messrs. G. Barker & Co., 39, Mark Lane, E.C.  
 Barnard, George Edward, Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.  
 Barnard, Herbert, Messrs. Dimsdale & Co., 50, Cornhill, E.C.  
 Barnes, James Morshead, Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Barney, Thomas, Birmingham, Dudley and District Banking Co., Limited, Birmingham  
 Barrett, Richard, National Provincial Bank of England, Limited, Upper Street, Islington  
 Bartlett, John Edward, Messrs. Cobb, Bartlett & Co., Aylesbury, and Messrs. Bartlett & Parrott, Buckingham  
 Bate, Osborn Hambrook, Standard Bank of British South Africa, Limited, Panmure, East London, South Africa  
 Baynes, Christopher William, Bank of England, Birmingham  
 Beattie, Joseph, Birmingham Joint Stock Bank Limited, Birmingham  
 Bedat, Peter Du, Bank of Ireland, Dublin  
 Bennett, Ambrose, National Provincial Bank of England, Limited, Southampton  
 Bertram, James Drummond, late of The National Provincial Bank of England, Limited  
 Bevan, Francis Augustus, Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Bevan, Robert Cooper Lee, Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Bevan, Wilfrid Arthur, Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Billingham, Henry Farncombe, London & Westminster Bank, Limited, 41, Lothbury, E.C.  
 Birch, John William, Governor of the Bank of England  
 Bithell, Dr. Richard, B.Sc., Ph.D., Messrs. N. M. Rothschild & Sons, New Court, St. Swithin's Lane  
 Bland, Francis Maltby, Messrs. Gurney's & Co., Bury St. Edmund's  
 Boissevain, Gideon Maria, 4, Fesselschadeestraal, Amsterdam, and of the Banque de Paris et des Pays-Bas  
 Bolding, George Frederick, Birmingham and Midland Bank, Limited, Birmingham  
 Booth, Arthur, Manchester and County Bank, Limited, 2, York Street, Manchester  
 Bosanquet, Bernard Tindal, Messrs. Bosanquet, Salt & Co., 73, Lombard Street, E.C.  
 Brooks, M.P., William Cunliffe, Messrs. Brooks & Co., 81, Lombard Street, E.C.  
 Brown, Albert, Messrs. Berwick & Co., Old Bank, Malvern  
 Brown, Edwin Atkin, Burton, Uttoxeter and Ashbourn Union Bank, Limited, Burton-on-Trent  
 \*Brown, Henry, Yorkshire Banking Co., Limited, Bradford  
 Brown, William Luke, Craven Bank, Limited, Keighley  
 Bruce, Alexander, Dumbell's Banking Co., Limited, Douglas, Isle of Man  
 Burdett, George Deane, London and Provincial Bank, Limited, Rhyll  
 Burnett, George Henry, Hong Kong and Shanghai Banking Corporation, 81, Lombard Street, E.C.  
 Butt, John Henry, Australian Joint Stock Bank, 18, King William Street, E.C.  
 Butt, John Marten, Bank of New Zealand, Levuka, Fiji Islands.  
 Buxton, Alfred Fowell, Messrs. Prescott, Cave & Co., 62, Threadneedle Street, E.C.  
 Buxton, Geoffrey Fowell, Messrs. Gurney's & Co., Norwich  
 Buxton, Samuel Gurney, Messrs. Gurneys, Birkbeck & Co., Norwich  
 Caffin, Walter James, London and County Banking Company, Limited, Blackheath, S.E.  
 Carnegie, Alexander St. Clair Bower, York Union Banking Company, York  
 \*Cazalet, Edward, Fairlawn, Tonbridge

\* Life Fellow.

† No Honorary Fellows have, as yet, been elected.

- Chambers, Charles, Provincial Bank of Ireland, Throgmorton Avenue, E.C.
- Christie, John, Australian Joint Stock Bank, 18, King William Street, E.C.
- Christie, John Alexander, Birmingham and Midland Bank, Limited, Birmingham
- Chubb, Hammond, B.A., F.S.S., Bank of England, E.C.
- Clark, Alexander, M.A., Union Bank of London, 2, Princes Street, E.C.
- Clemow, William Henry, The North Western Bank, Limited, Dale Street, Liverpool
- Cobb, Anthony Blackburne, Messrs. Cobb & Co., Margate
- Cobbold, Thomas Clement, M.P., Messrs. Bacon, Cobbold & Co., Ipswich
- Collier, John Cates, Messrs. Mellersh & Co., Godalming
- Cork, Nathaniel, F.R.G.S., F.S.S., Commercial Banking Company of Sydney, 39, Lombard Street, E.C.
- Cottew, William Stokes, London and Provincial Bank, Limited, 6, Commerce Terrace, Tottenham
- Cotton, William, F.S.A., National Provincial Bank of England, Limited, Exeter
- Courtney, Edward Monlas, Bank of England, E.C.
- Cousins, John James, Exchange and Discount Bank, Limited, Leeds
- Cowie, George, Colonial Bank of New Zealand, Dunedin, N.Z.
- Cox, Thomas, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Cragg, John, Clydesdale Banking Company, 30, Lombard Street, E.C.
- Crosthwaite, Joseph, London and County Banking Co., Limited, 3, Victoria Street, Westminster, S.W.
- Dalby, George Bewlay, Preston Banking Co., Preston
- Davidson, James Madgwick, Bank of New South Wales, South Brisbane, Queensland.
- Davidson, Robert, Bank of Scotland, Lothbury, E.C.
- Davidson, William, Oriental Bank Corporation, 40, Threadneedle Street, E.C.
- Davis, Charles Henry, London and County Banking Co., Limited, Broadway, Stratford, E.
- Davison, Thomas Rammohun Roy, The Swansea Bank, Limited, Swansea
- Dawson, William, London and County Banking Co., Limited, Broadway, Deptford
- Debenham, Samuel, Union Bank of London, 2, Princes Street, E.C.
- Denison, William Beckett, Messrs. Beckett & Co., Leeds
- Devenish, Matthew Henry Whitty, Wilts and Dorset Banking Co., Salisbury
- Dibbs, Thomas Allwright, Commercial Banking Co. of Sydney, Sydney, N.S.W.
- Dick, James, North Eastern Banking Co., Limited, Newcastle-on-Tyne
- Dickson, James, National Bank of Liverpool, Limited, Bootle, Liverpool
- Dickson, William Allan, Provincial Bank of Ireland, Throgmorton Avenue, E.C.
- Dimsdale, John, Messrs. Dimsdale & Co., 50, Cornhill, E.C.
- Dimsdale, Joseph Cockfield, Messrs. Dimsdale & Co., 50, Cornhill, E.C.
- Dixon, Joseph Black, Bank of Australasia, Brisbane, Queensland
- Drake, William Hedley, Colonial Bank of New Zealand, Nelson, N.Z.
- Drevar, George Augustus, Bank of England, E.C.
- Druitt, Thomas, Union Bank of London, Charing Cross, S.W.
- Dun, John, Parr's Banking Co., Limited, Warrington
- Duval, Henri, Comptoir d'Escompte de Paris, 52, Threadneedle Street, E.C.
- Edlmann, Herbert, Messrs. J. Edlmann & Co., 2, New Broad Street, E.C.
- Edmonds, Orlando, Stamford, Spalding, and Boston Banking Co., Limited, Stamford
- Edwards, John Thomas, London and County Banking Co., Limited, Greenwich, S.E.
- Ely, Henry, Provincial Bank of Ireland, Throgmorton Avenue, E.C.
- Every, Richard, Wilts and Dorset Banking Co. Salisbury
- Fairley, Francis Brard, Bank of England, Newcastle-on-Tyne
- Fane, Henry George, Messrs. Beckett & Co., Retford
- Faure, Johannes Pieter, South African Bank, Cape Town, South Africa.
- Faulds, James Anderson, The Capital and Counties Bank, Limited, 39, Threadneedle Street, E.C.
- Fennings, Richard Saunders, City Bank, Limited, 7, Lowndes Terrace, Knightsbridge
- Ferguson, William, National Provincial Bank of England, Limited, Leeds
- Fesser, Francis, Mercantile International Bank, Limited, 5, Copthall Buildings, Throgmorton Street, E.C.
- Fisher, Henry, Midland Banking Co., Limited, 38, New Broad Street, E.C.
- Fishwick, Frankland, London and County Banking Co., Limited, 18, Newington Butts S.E.
- Fowler, Robert Nicholas, M.P., F.S.S., Messrs. Dimsdale & Co., 50, Cornhill, E.C.
- Fowler, William, M.P., Forest House, Leytonstone, E.
- Francis, Frederick, London and County Banking Co., Limited, 21, Lombard Street, E.C.
- Francis, Harry Bramble, Lloyd's Banking Co. Limited, Coventry
- Fraser, Arthur John, Messrs. Harwood, Knight & Allen, 18, Cornhill, E.C.
- Gairdner, Charles, Union Bank of Scotland, Glasgow
- Garland, Charles Henry, London and County Banking Co., Limited, 324, High Holborn W.C.
- George, David, Bank of New South Wales, 64, Old Broad Street, E.C.



Gibbs, John, Sheffield and Rotherham Joint Stock Banking Co., Limited, Rotherham  
 Gillett, Alfred, Messrs. Gillett Brothers & Co., 72, Lombard Street, E.C.  
 Goody, Alfred Cawston, York City and County Bank, Harrogate  
 Gordon, James, Bradford Old Bank, Limited, Bradford  
 Goujon, Henry, London and County Banking Co., Limited, Farnham  
 Gray, Benjamin Gerrish, Merchant Banking Co. of London, Limited, 112, Cannon Street, E.C.  
 Gray, Henry Raashleigh, London and County Banking Co., Limited, Hove, Brighton  
 Gray, Nathan Parr, Manchester and County Bank, Limited, Burnley  
 Gray, Samuel Octavus, Bank of England, E.C.  
 Green, Charles, Union Bank of London, Charing Cross, S.W.  
 Greig, John Kinloch, London and Yorkshire Bank, Limited, Leeds  
 Grugene, James, London and County Banking Co., Limited, Windsor  
 Gurney, John, Sprowston Hall, Norwich  
 Gwyther, John Howard, Chartered Bank of India, Australia and China, Hatton Court, Threadneedle Street, E.C.  
 \*Hale, Charles George, 26, Austin Friars, E.C.  
 Halliday, James, Manchester & Liverpool District Banking Co., Limited, Manchester.  
 Hankey, Thomson, F.R.G.S., &c., Bank of England, E.C.  
 Hankin, Alfred, London and County Banking Co., Limited, Bishop's Stortford  
 Hansard, Luke, F.S.S., Messrs. Martin & Co., 68, Lombard Street, E.C.  
 Harris, John Thomas, Burton, Uttoxeter, and Ashbourn Union Bank, Limited, Burton-on-Trent  
 Harrison, Samuel Henry, Birmingham, Dudley and District Banking Co., Limited, West Bromwich  
 Hemmerde, George Richard, London and Westminster Bank, Limited, 6, Borough High Street, S.E.  
 Henderson, William Gavin, Liverpool Union Bank, Liverpool  
 Henty, Arthur, Messrs. Henty & Co., Worthing  
 Hewlings, Stuart, London and County Banking Co., Limited, 21, Lombard Street, E.C.  
 Hill, Henry Meakins, Messrs. Charles Hill & Son, 17, West Smithfield, E.C.  
 Hill, Henry Woodruff, London Chartered Bank of Australia, Newcastle, N.S.W.  
 Hill, Herbert, Messrs. Charles Hill & Son, 17, West Smithfield, E.C.  
 Hill, John, Messrs. Charles Hill & Son, 17, West Smithfield, E.C.  
 Hoare, Edward Brodie, Messrs. Barnetts, Hoares & Co., 62, Lombard Street, E.C.  
 Hoare, Hamilton Noel, Messrs. Hoares, 37, Fleet Street, E.C.  
 Hooley, William, Manchester & County Bank, Limited, Stockport  
 Hooper, Frederick John, The Capital and Counties Bank, Limited Jersey

Hopkinson, Amelius Arthur, Messrs. Charles Hopkinson & Sons, 3, Regent Street, St. James's, S.W.  
 Hopkinson, George Henry, Messrs. Charles Hopkinson & Sons, 3, Regent Street, St. James's, S.W.  
 Howard, Frederick, Bank of England, Bristol  
 Howard, William, London and County Banking Co., Limited, 21, Lombard Street, E.C.  
 Hunter, Thomas William, Imperial Bank, Limited, 6, Lothbury, E.C.  
 Imray, John, Halifax and Huddersfield Union Banking Co., Halifax  
 Ingpen, Robert Frederick, Union Bank of London, Chancery Lane, W.C.  
 Jackson, William, Chartered Mercantile Bank of India, London, and China, 65, Old Broad Street, E.C.  
 Jay, Stephen James Bromley, Union Bank of London, 2, Princes Street, E.C.  
 Karran, John James, Isle of Man Banking Co., Limited, Douglas, Isle of Man  
 Kennedy, Alfred George, City Bank, Limited, Threadneedle Street, E.C.  
 King, Henry Seymour, Messrs. Henry S. King & Co., 65, Cornhill, E.C.  
 Lane, Joseph, Wilts and Dorset Banking Co., Chippenham  
 Laing, Archibald, Derby Commercial Bank, Limited, Derby.  
 Langton, William, Docklands, Ingatestone, Essex, late of the Manchester and Salford Bank  
 Larkworthy, Falconer, Bank of New Zealand, 1, Queen Victoria Street, E.C.  
 Larnach, Donald, Bank of New South Wales, 64, Old Broad Street, E.C.  
 Lawford, James, The Leicestershire Banking Co., Limited, Leicester  
 Lewis, Caleb, Chartered Bank of India, Australia and China, Hatton Court, Threadneedle Street, E.C.  
 Lewis, John Henry, London and County Banking Co., Limited, 12, King Street West, Hammersmith  
 Lighton, William, Standard Bank of London, Limited, 29, Lombard Street, E.C.  
 Lloyd, Howard, Lloyd's Banking Co., Limited, Birmingham.  
 Lloyd, Sampson Samuel, Moor Hall, Sutton Coldfields  
 Lochrane, Ferdinand, Ulster Banking Company, Dublin  
 Logan, William George, Messrs. Coutts & Co., 59, Strand, W.C.  
 Lubbock, Sir John, Bart., M.P., F.R.S., D.C.L., LL.D., Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.

Macdonald, James, General Credit and Discount Co., Limited, 7, Lothbury, E.C.  
 Macdonald, John James, The Capital and Counties Bank, Limited, 39, Threadneedle Street, E.C.

McGwire, John Frederick Kane, Delhi and London Bank, 123, Bishopsgate Street Within, E.C.

McKewan, William, London and County Banking Co., Limited, 21, Lombard Street, E.C. Macmillan, Eagle Henderson, Caledonian Banking Company, Inverness

Macnab, Henry Black, Bank of New Zealand, 1, Queen Victoria Street, E.C.

Main, George Agnew, Clydesdale Banking Co., Carlisle

Malcolm, William Rolle, Messrs. Coutts & Co., 59, Strand, W.C.

Marjoribanks, George John, Messrs. Coutts & Co., 59, Strand, W.C.

Martin, John Biddulph, Messrs. Martin & Co., 68, Lombard Street, E.C.

\*Martin, Richard Biddulph, M.P., Messrs. Martin & Co., 68, Lombard Street, E.C.

Mason, Charles Letch, Leeds and County Bank, Limited, Leeds

Matthews, James Henry, Messrs. Grindlay & Co., 55, Parliament Street, S.W.

May, Frank, Bank of England, E.C.

Melville, Alexander Samuel Leslie, Messrs. Smith, Ellison & Co., Lincoln

Michael, Walter Amos, International Financial Society, Limited, 12, Tokenhouse Yard, E.C.

Michôd, Charles James, Bank of Bengal, Delhi, India.

Mills, Sir Charles Henry, Bart., M.P., Messrs. Glyn & Co., 68, Lombard Street, E.C.

Moffatt, Robert John, F.R.G.S., Messrs. Foster, Cambridge and Cambridgeshire Bank, Cambridge

Moodie, John, London and Yorkshire Bank, Limited, Halifax

Mort, William, Australian Joint Stock Bank, 18, King William Street, E.C.

Moses, Joseph, Bradford Old Bank, Limited, Bradford

Moulton, Christopher Albert, Barnaley Banking Co., Barnaley

Moxon, Thomas Bouchier, Manchester and County Bank, Limited, Manchester.

Mullins, Edward Gibbons, City Bank, Limited, 84, Old Bond Street, W.

Mullins, William Charles, Chartered Bank of India, Australia and China, Hatton Court, Threadneedle Street, E.C.

Mullins, Lovel John, English Bank of Rio de Janeiro, Limited, 13, St. Helen's Place, E.C.

Mullins, Thomas Lee, Chartered Bank of India, Australia, & China, Hatton Court, Threadneedle Street, E.C.

Neill, William, The City Bank, Sydney, New South Wales.

Nesbitt, Charles Michell, Lincoln and Lindsey Banking Co., Limited, Louth

Nisbet, Walter, Bank of England, Bristol

Noble, Benjamin, North Eastern Banking Co. Limited, Newcastle-on-Tyne

Norman, Frederick Henry, Messrs. Martin & Co., 68, Lombard Street, E.C.

Nugent, Christopher Robert, United Discount Corporation, Limited, 38, Lombard Street, E.C.

Oelaner, Isidor, Messrs. Stern Bros., 6, Angel Court, Throgmorton Street, E.C.

\*Palgrave, Robert Harry Inglis, F.S.S., 11, Britannia Terrace, Great Yarmouth

Partridge, Henry, Lloyd's Banking Co., Limited, Burton-on-Trent

Pattison, Alexander, London and County Banking Co., Limited, Upper Street, Islington

Phillips, John Beavan, Messrs. Wilkins & Co., Llanelly

Phillipotts, Abraham Hodgson, London and County Banking Co., Limited, 21, Lombard Street, E.C.

Pierce, William, Messrs. Smith, Ellison & Co., Old Bank, Lincoln

Piggott, Alfred Cubitt, London and Yorkshire Bank, Limited, Sheffield

Praed, Charles Tyringham, Messrs. Praeds & Co., 189, Fleet Street, E.C.

Price, Frederick George Hilton, F.G.S., F.R.G.S., Messrs. Child & Co., 1, Fleet Street, E.C.

Price, Frederick William, Messrs. Child & Co., 1, Fleet Street, E.C.

Price, Henry Fitzhardinge, Messrs. Miles, Cave, Baillie & Co., Bristol

Pritt, Thomas Evan, Yorkshire Banking Co., Limited, Leeds

Pym, Robert Ruthven, Messrs. Coutts & Co., 59, Strand, W.C.

Rae, George, North and South Wales Bank, Limited, Liverpool

\*Ravenscroft, Francis, Birkbeck Bank, 29, Southampton Buildings, Chancery Lane, W.C.

Rawlins, Thomas Joseph Davis, Wilts and Dorset Banking Co., Lymington

Readman George, The Clydesdale Banking Co., Glasgow

Reid, John Lindsay, 10, Nottingham Place, W.

Reid, John Maitland, Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.

Robb, John, Oriental Bank Corporation, 40 Threadneedle Street, E.C.

Roberts, Lewis, National Provincial Bank of England, Limited, Narberth

Roberts, William Charles, Dunedin. New Zealand.

Robertson, Alexander, Liverpool Union Bank, Liverpool

Robertson, David Trail, Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.

Robinson, Thomas George, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.

Robinson, William, Craven Bank, Limited, Burnley

Rorie, George Livingston, Aberdeen Town & County Banking Co., Aberdeen.

Ross, Hugh Cameron, The Standard Bank of British South Africa, Limited

Ross, John Robert, The Bank of Bolton, Limited, Bolton

\*Russell, William Fairweather, Bank of New Zealand Wanganui, N.Z.

Rutt, Henry, 12, Bryanston Street, W.

- Ryder, Hon. Henry Dudley, Messrs. Coutts & Co., 59, Strand, W.C.
- Salt, Thomas, 85, St. George's Square, S.W.
- Sanderson, John, The Lancaster Banking Co., Lancaster
- Seeborn, Frederic, Messrs. Sharples & Co., Hitchin
- Selby, Pridaux, Bank of Australasia, 4, Threadneedle Street, E.C.
- Sewell, Philip Edward, Messrs. Gurneys & Co., Norwich
- Seyd, Ernest, Messrs. Seyd & Co., 38, Lombard Street, E.C.
- Seyd, Richard, Messrs. Seyd & Co., 38, Lombard Street, E.C.
- Shannon, Frederick Augustus, Messrs. Coutts & Co., 59, Strand, W.C.
- Sheppard, Charles William, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Simms, Thomas, National Provincial Bank of England, Durham
- Simpson, James, Bank of Africa, Limited, Port Elizabeth, Cape of Good Hope
- Simpson, John Hope, Bank of Liverpool, Liverpool
- Sington, Julius, Anglo-Californian Bank, Limited, 3, Angel Court, Throgmorton Street, E.C.
- Slater, Robert, Union Bank of London, 2, Princes Street, E.C.
- Smith, Alfred Charles, National Provincial Bank of England, Limited, Bristol
- Smith, Frederick Chatfield, Messrs. S. Smith & Co., Nottingham
- Smith, Jervoise, Messrs. Smith, Payne & Smiths, 1, Lombard Street, E.C.
- Smith, Jonathan, Messrs. Abraham de Gruchy & Sons, Jersey
- Smith, John, London and Yorkshire Bank, Limited, 7, Drapers' Gardens, E.C.
- Smith, Joseph Alfred, London and County Banking Co., Limited, 21, Lombard Street, E.C.
- Smith, R. E., Col. John Thomas, Delhi and London Bank, Limited, 123, Bishopsgate Street Within, E.C.
- Smith, Robert, Messrs. Smith, Payne & Smiths, 1, Lombard Street, E.C.
- Somerville, James, Chartered Bank of India, Australia and China, Hatton Court, Threadneedle Street, E.C.
- Soul, Joseph Simmonds, London Joint Stock Bank, 5, Princes Street, E.C.
- Spencer, John, Messrs. Brooks & Co., 81, Lombard Street, E.C.
- Sowerby, Charles James, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Stacey, Frederick, Sheffield Union Banking Co., Sheffield
- Stanley, Edward William, Messrs. Coutts & Co., 59, Strand, W.C.
- Steele, Robert, Manchester and County Bank, Limited, 2, York Street, Manchester
- Stewart, Robert, Standard Bank of British South Africa, Limited, 10, Clement's Lane, E.C.
- Stewart, Thomas Muirson, Bank of New Zealand, Melbourne, Victoria
- Stock, Henry Porter, London and County Banking Co., Limited, Barnet
- Stranack, E. F., Alliance Bank of Simla, Limited, Rawul Pindie, Punjab, E.I.
- Strickland, Algernon A. de L., Messrs. Hoares, 37, Fleet Street, E.C.
- Swinford, Thomas Francis, Messrs. Cobb & Co. Margate
- Thomas, Francis Wolferstan, The Molsons Bank, Montreal
- Thomson, Alexander, Union Bank of Australia, Limited, Brisbane, Queensland.
- Thornton, Reginald Douglas, Messrs. R. & R. Williams and Co., Dorchester
- Tipping, William, Manchester and Liverpool District Banking Co., Limited, Manchester
- \*Todd John, Banco de Londres & Rio de la Plata, Buenos Ayres, Argentine Republic
- Tolhurst, George Edmeades, Bank of New Zealand, Wellington, N.Z.
- Tritton, Joseph Herbert, F.S.S., Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Tucker, George Amos, Union Bank of London, 2, Princes Street, E.C.
- Tufnell, William Michael, Messrs. Sparrow, Tufnell & Co., Chelmsford
- Tully, Gerald Thomas, The Preston Banking Co., Preston
- Turner, Henry Gyles, Commercial Bank of Australia, Limited, Melbourne, Victoria
- Twining, Herbert Haynes, Messrs. Richard Twining & Co., 216, Strand, W.C.
- Twist, Charles, Birmingham, Dudley and District Banking Company, Limited, Birmingham
- Vandendriesche, Albert Edouard, Messrs. C. Devaux & Co., 62, King William Street, E.C.
- Wade, Richard Blaney, F.R.G.S., National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Waite, Robert, Stamford, Spalding and Boston Banking Co., Limited, Leicester
- Walker, Alexander, Birmingham, Dudley and District Banking Co., Limited, Birmingham
- Walker, Henry Griffin, Birmingham, Dudley and District Banking Company, Limited, Dudley
- Waterlow, Sir Sydney Hedley, Bart., M.P., Union Bank of London, 2, Princes Street, E.C.
- Wells, George, Worcester City and County Banking Co., Limited, Ludlow
- Wells, Josiah, National Provincial Bank of England, Limited, 112, Bishopsgate St., E.C.
- Wenley, James Adams, Bank of Scotland, Edinburgh
- Wethey, Eugene, National Provincial Bank of England, Limited, Middlesborough
- Wheelwright, John Graham, Halifax Commercial Banking Co., Limited, Halifax
- Whelen, John Leman, National Bank, 158, High Street, Notting Hill, W.
- Whitley, George, Messrs. Hoares, 37, Fleet Street, E.C.
- Wick, Charles, London and County Banking Co., Limited, 21, Lombard Street, E.C.

Wilkinson, Thomas Read, Manchester and Salford Bank, Manchester  
 Williams, Henry William, Worcester City and County Banking Co., Limited, Cheltenham  
 Williams, Robert, jun., Messrs. Williams, Deacon & Co., 20, Birchin Lane, E.C.  
 Williams, Reginald Pownall, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.  
 Wilson, Frederick Alfred Adolphus, Mercantile Bank of Sydney, Sydney, N.S.W.  
 Wood, John, Oriental Bank Corporation, 40, Threadneedle Street, E.C.

Wood, Richard, Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Wood, Thomas, Midland Banking Co., Limited, Stafford  
 Woodhouse, Robert, Messrs. Sparrow, Tufnell & Co., Essex Bank, Chelmsford

Young, Archibald, The Capital and Counties Bank, Limited, 39, Threadneedle Street, E.C.

TOTAL NUMBER OF FELLOWS, 319.

LIST OF ASSOCIATES.

Acomb, Leonard, Messrs. Wilkins & Co., Aberdare  
 Aldis, John Brown, Messrs. Gurneys & Co., Norwich  
 Allen, Benjamin, Huddersfield Banking Co., Huddersfield  
 Allen, Benjamin William, Bank of Ireland, Bagnalstown, Ireland  
 Alsop, Robert, Messrs. Watts, Whidborne & Co., Teignmouth Bank, Teignmouth  
 Alton, James Poë, The National Bank, Limerick  
 Amphlett, George Thomas, Bank of New Zealand, 1, Queen Victoria Street, E.C.  
 Anstee, Henry Edwin, London and County Banking Co., Limited, Bishop Stortford  
 Archer, Edward, Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Armstrong, William, Stamford, Spalding and Boston Banking Co., Limited, Boston  
 Atkins, Richard Frederick, The Capital and Counties Bank, Limited, Petersfield  
 Atkins, William, Stamford, Spalding and Boston Banking Co., Limited, Market Harborough  
 Atkinson, John Harrison, London and County Banking Co., Limited, 21, Lombard Street, E.C.  
 Attwood, Thomas, London and County Banking Co., Limited, High Street, Kensington, W.  
 Awdry, William Charles, Birmingham, Dudley and District Banking Co., Limited, Birmingham  
 Aylett, Edward, London and County Banking Co., Limited, Wallingford  
 Baillie, Henry Robert, London and County Banking Co., Limited, Greenwich, S.E.  
 Baker, Alfred, Messrs. Lechmere & Co., Tewkesbury  
 Baker, Frank Morley, Birmingham Banking Co., Limited, Walsall  
 Baker, Henry, Manchester and Salford Bank, Manchester  
 Baker, Reginald Langford, Gloucestershire Banking Co., Limited, Moreton-in-Marsh  
 Ball, Henry, Messrs. Brooks & Co., 81, Lombard Street, E.C.  
 Balls, Edward Joseph, Messrs. Gurneys & Co., Norwich  
 Balls, John Edward, Messrs. Gurneys & Co., Norwich

Baly, Edward Ely, Bank of England, E.C.  
 Banks, George, London and Westminster Bank, Limited, 91, Westminster Bridge Road, S.E.  
 Barnard, George, Bank of England, E.C.  
 Barnes, Edmund Lawson, Lancaster Banking Co., Chorley  
 Barnes, James, National Provincial Bank of England, Limited, Tiverton  
 Barnett, Robert William, Messrs. Glyn & Co., 67, Lombard Street, E.C.  
 Bath, Frederick John, Wilts and Dorset Banking Co., Chard  
 Baynes, Lister, Bank of England, E.C.  
 Beart, Arthur Lutyens, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Beete, Alexander Ferrier, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Bidwell, William Henry, Messrs. Gurneys & Co., Norwich  
 Blackwood, James Taylor, Ulster Banking Co., Belfast  
 Blott, Arthur Angelo Fleetwood, Crédit Lyonnais, 89, Lombard Street, E.C.  
 Blundell, Edwin, Union Bank of London, Charing Cross, S.W.  
 Bolton, George, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Boulton, Babington, Messrs. J. Backhouse & Co., Bishop Auckland  
 Bowen, Horace George, Bank of England, 1, Burlington Gardens, W.  
 Box, John Edmund, London and Westminster Bank, Limited, 1, St. James's Square, S.W.  
 Boyd, John Neill, Bank of New South Wales, 64, Old Broad Street, E.C.  
 Boyer, Henry, Bank of England, E.C.  
 Bradnam, Thomas, Standard Bank of British South Africa, Limited, 10, Clement's Lane, E.C.  
 Bremner, Donald, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Brett, John, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Brittain, John, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.  
 Brodie, James, Manchester and Liverpool District Banking Co., Limited, Rochdale  
 Bromfield, Edwin, Gloucestershire Banking Co., Limited, Lydney

- Brook, Richard George, Leeds and County Bank, Limited, Leeds
- Brookes, Albert Diment, Stuckey's Banking Company, Ilminster
- Brown, William, Messrs. Garfit, Claypon & Co., Horncastle, Lincolnshire
- Bryan, Frederick Raymond, The Capital and Counties Bank, Limited, Winchester
- Bryant, Charles, Messrs. Wilyams, Wilyams & Co., Miners' Bank, Truro
- Bullard, Thomas, Messrs. Glyn & Co., 67, Lombard Street, E.C.
- Burbidge, Arthur Arnold, Southfields, Leicester
- Burgess, George Cheasworth, Manchester and Salford Bank, Ormskirk
- Burton, Edward Joseph, National Provincial Bank of England, Limited, Hereford
- Burton, Robert Gent, Messrs. Gurneys & Co., Norwich
- Butler, George Waltham, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Caines, John, Wilts and Dorset Banking Co., Lymington
- Carpenter, Joseph, London and County Banking Co., Limited, 21, Hanover Square, W.
- Carstairs, James, Union Bank of London, Charing Cross, S.W.
- Carter, George Richardson, Manchester and Salford Bank, Bolton
- Carter, Theodore, New London and Brazilian Bank, Limited, 2, Old Broad Street, E.C.
- Chabot, Charles, London and County Banking Co., Limited, Albert Gate, S.W.
- Chapman, Frank, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Charlesworth, Thomas Lister, Manchester and County Bank, Limited, Oldham
- Cheney, William Turley, London and County Banking Co., Limited, Tenterden
- Cholditch, John, Gloucestershire Banking Co., Limited, Lydney
- Chumley, John, Standard Bank of British South Africa, Limited, 10, Clement's Lane, E.C.
- Clarke, John, Messrs. Gurneys, Birkbeck & Co., Beccles
- Clough, William, Manchester and Salford Bank, Manchester
- Collins, Henry Ellis, National Bank of Wales, Limited, Aberdare
- Constable, Arthur, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Coote, Charles Nurse, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Corbin, Francis John, Messrs. Coutts & Co., 59, Strand, W.C.
- Coryton, William Newbold, Coryton's Exchange Bank, 49, Deans Gate, Manchester
- Coulson, Charles Henry, Crompton & Evan's, Union Bank, Limited, Derby
- Cox, Joseph, Bank of British North America, 3, Clement's Lane, E.C.
- Coy, William Thomas, Messrs. Gurneys & Co., North Walsham
- Cragg, Miles, London and County Banking Co., Limited, High Street, Kensington, W.
- Craw, James, Oriental Bank Corporation, 40, Threadneedle Street, E.C.
- Croft, Cyrus Woodley, Devon and Cornwall Banking Co., Totnes
- Crossley, Henry, London and Westminster Bank, Limited, 1, St. James's Square, S.W.
- Cumberland, George Foster, York City and County Bank, Selby
- Dawson, William, West Riding Union Banking Company, Huddersfield
- Davidson, Alexander Harvey, Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.
- Davis, Allen Kennard, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Davy, John William, Staffordshire Joint Stock Bank, Limited, West Bromwich
- Dawes, Alfred, National Provincial Bank of England, Limited, Clifton
- Dennistoun, Archibald, Royal Bank of Scotland, 124, Bishopsgate Street Within, E.C.
- Devlin, Michael, The National Bank, Wexford, Ireland
- Dewhurst, Charles Roger, Messrs. Gurneys & Co., Aylsham
- Dinsdale, William Frederick, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Doherty, Octavius Blunden, London and County Banking Co., Limited, 21, Lombard Street, E.C.
- Dolbey, Thomas Hamer, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- \* Donaldson, Frederick Shreve, Messrs. Martin & Co., 68, Lombard Street, E.C.
- Dovey, Alexander Morton, Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.
- Dow, John, Manchester and Liverpool District Banking Co., Limited, Spring Gardens, Manchester
- Dresser, Thomas, Sheffield and Rotherham Joint Stock Banking Co., Limited, Rotherham
- Duckitt, William, 12, Paul's Road, Bradford
- Duncan, John Kinnmont, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Durrad, William Henry, Lloyd's Banking Co., Limited, Rugeley
- Dwelly, George Augustus Frederick, Union Bank of London, 2, Princes Street, E.C.
- Easton, Harry Tucker, Messrs. Smith, Payne & Smiths, 1, Lombard Street, E.C.
- Elliot, Robert, National Provincial Bank of England, Limited, Manchester
- Ellis, Thomas, Midland Banking Co., Limited, Market Drayton
- Ellis, William, London and County Banking Co., Limited, 112, Aldersgate Street, E.C.
- Ely, George, London and County Banking Co., Limited, Winchester
- England, William George, London and Westminster Bank, Limited, 1, St. James's Square, S.W.

- Evans, George, Messrs. I. & I. C. Wright & Co., Nottingham
- Ewart, John, Royal Bank of Scotland, 124, Bishopsgate Street Within, E.C.
- Ewing, Henry, Sheffield Union Banking Co. Rotherham
- Fairburn, John, London and County Banking Co., Limited, 21, Lombard Street, E.C.
- Farrell, John Douglas, Bank of England, 1, Burlington Gardens, W.
- Fisher, Charles, London and Westminster Bank, Limited, 217, Strand, W.C.
- Foden, James Hoyle, Manchester and County Bank, Limited, Clitheroe
- Forbes, John, Union Bank of London, Charing Cross, S.W.
- Ford, Edward, London and Westminster Bank, Limited, 1, St. James's Square, S.W.
- Ford, John, Messrs. Stephens, Blandy & Co., Great Marlow, Bucks
- Francis, Allen Emerson, North and South Wales Bank, Limited, Newtown, Montgomery
- Frank, Frederick John, Messrs. J. Backhouse & Co., Bishop Auckland
- Fraser, James, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Frith, William Henry, Lloyd's Banking Co., Limited, Stafford
- Fry, William Rowlands, Standard Bank of British South Africa, Limited, 10, Clement's Lane, E.C.
- Fryer, George William, London Joint Stock Bank, 28, Borough High Street, S.E.
- Furness, Charles, Bank of New Zealand, 1, Queen Victoria Street, E.C.
- Fyshe, Alexander, Birmingham Joint Stock Bank, Limited, New Street, Birmingham
- Galliehan, Edward Clement, The Capital and Counties Bank, Limited, Sandown, Isle of Wight
- Garrett, Frank Burton, London and County Banking Co., Limited, Newport, Isle of Wight
- Gemmell, Charles Archibald, National Provincial Bank of England, Limited, Ilfracombe
- Gibb, Alexander, Messrs. Bacon, Cobbold & Co., Ipswich
- Girling, Brough Walter, Messrs. Coutts & Co., 59, Strand, W.C.
- Glennie, George Frederick, Bank of England, E.C.
- Glover, Davis Richards, The Leeds and County Bank, Limited, Leeds
- Goldsmith, Harry St. Barbe, Stuckey's Banking Co., Bridgwater
- Goodchild, William John, London and County Banking Co., Limited, 21, Lombard Street, E.C.
- Gouly, Edward James, Bank of England, E.C.
- Grace, William, Messrs. Leatham, Tew & Co., Wakefield
- Green, George James, London and County Banking Co., Limited, 3, Victoria Street, S.W.
- Greenhill, William, Birmingham, Dudley and District Banking Co., Limited, Birmingham
- Greenhouse, Charles, North and South Wales Bank, Limited, Rodney Branch, Liverpool
- Gregory, Robert Weeks, National Provincial Bank of England, Limited, Southampton
- Gribble, William George, London and County Banking Co., Limited, 21, Lombard Street, E.C.
- Griggs, Benjamin, London and County Banking Co., Limited, Reigate
- Gurrey, Charles Robert, London Joint Stock Bank, 28, Borough High Street, S.E.
- Guy, John Charles, Stamford, Spalding and Boston Banking Co., Limited, Uppingham
- Hack, John, Messrs. I. and I. C. Wright & Co., Nottingham
- Hadland, Frank Alner, Crédit Lyonnais, 89, Lombard Street, E.C.
- Haines, John, The Capital and Counties Bank, Limited, Calne
- Hall, John Herbert Alderson, Messrs. Williams & Co., Bangor
- Harding, Frank Davies, London & County Banking Co., Limited, Sittingbourne.
- Harries, Albert, Messrs. Wilkins & Co., Brecon Old Bank, Carmarthen
- Harrison, Thomas, Sheffield Union Banking Co., Sheffield
- Harvey, George Alexander, The Capital and Counties Bank, Limited, 89, Threadneedle Street, E.C.
- Hatherly, Walter, National Provincial Bank of England, Limited, Hanley
- Hatten, Henry, London and County Banking Co., Limited, Kingston-on-Thames
- Hawson, William Robert, London and County Banking Co., Limited, Greenwich, S.E.
- Head, Arthur, The Imperial Bank, Limited, 6, Lothbury, E.C.
- Henley, William Frederick, Wilts and Dorset Banking Co., Salisbury
- Hibbert, William Vembhard, Bank of England, E.C.
- Hight, Charles, National Provincial Bank of England, Limited, Southampton
- Hill, Joseph, Bradford Commercial Banking Co., Limited, Bradford
- Hoar, Thomas, London and County Banking Co., Limited, 325, High Holborn, W.C.
- Hoddinott, Joseph Fletcher, London and County Banking Co., Limited, 21 Lombard Street, E.C.
- Hodges, William Abraham, Messrs. Samuel Smith & Co., The Bank, Mansfield
- Hodgson, Arthur, York City and County Bank, York
- Hogarth, David, Wilts and Dorset Banking Co. Southampton
- Holland, Henry, Manchester & Liverpool District Banking Co., Limited, Eccleshall
- Hollis, James, Wilts and Dorset Banking Company, Salisbury
- Holmden, Hensley Reed, Lloyd's Banking Co. Limited, Burton-on-Trent
- Hooper, Frank Stanley, Staffordshire Joint Stock Bank, Limited, Bloxwich
- Horner, William, National Provincial Bank of England, Limited, Southsea

- Horsfall, Richard Noble, Lancaster Banking Co., Fleetwood  
 Hughes, Walter, North and South Wales Bank Limited, Carnarvon  
 Hulton, William Ford Ralph, Messrs. J. Backhouse and Co., West Hartlepool  
 Hume, Harry, London and County Banking Co., Limited, 21, Lombard Street, E.C.  
 Humphries, Josiah, London and Provincial Bank, Limited, Diss, Norfolk  
 Huntley, Thomas, Messrs. Roberts & Co., 15, Lombard Street, E.C.  
 Hutchison, Alfred Du Flon, National Provincial Bank of England, Limited, 112, Bishops-gate Street, E.C.  
  
 Jarvis, Edward, Union Bank of London, 2, Princes Street, E.C.  
 Jay, James Turner, City Bank, Limited, 34, Old Bond Street, W.  
 Jecks, William John, Messrs. Coutts & Co., 59 Strand, W.C.  
 Johnson, James, Messrs. Hall, Bevan & Co., Brighton  
 Jones, John Newton, North and South Wales Bank, Limited, Ruthin  
 Jones, John Owen, Messrs. Pugh, Jones & Co., Llanberis, Carnarvon  
 Jones, Owen, Bank of England, E.C.  
 Jones, Robert, North and South Wales Bank, Limited, Newtown, Montgomery  
 Jones, Thomas Davies Palmer, Union Bank of London, Charing Cross, S.W.  
 Jones, Thomas Luther, National Provincial Bank of England, Limited, Bangor  
 Jones, William, North and South Wales Bank, Limited, Portmadoc  
 Jones-Parry, Thomas Parry, North and South Wales Bank, Limited, Dolgelly  
  
 Kelgwin, Charles David, Charlton Villa, Colchester  
 Kemp, Francis, Manchester and Salford Bank, Manchester  
 \*Kennaby, George Lewis, Union Bank of London, Chancery Lane, W.C.  
 Kenning, William Davy, Messrs. T. Barnard and Co., Bedford Bank, Bedford  
 Ketton, Theodore John Threlfall, Lancaster Banking Co., Preston  
 Knowles, Charles, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Knox, Stanley Pell, Messrs. Glyn & Co., 67, Lombard Street, E.C.  
  
 Lander, Frank Eaton, London Joint Stock Bank, 28, Borough High Street, S.E.  
 Langworth, Samuel Thomas Willodon, Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Lazenby, Francis, The Capital and Counties Bank, Limited, Alton  
 LeCren, Alfred, London and Westminster Bank, Limited, 130, High Street, Whitechapel, E  
 Lemon, Richard, London and County Banking Co., Limited, Windsor  
  
 Lett, Joseph Parrott, Worcester City and County Banking Co., Limited, Worcester  
 Lind, George Martin, Hong-Kong and Shanghai Banking Corporation, 31, Lombard Street, E.C.  
 Lingard, James, Crompton & Evans' Union Bank, Limited, Derby  
 Livesay, Nathanael Dunbar, Bank of England, E.C.  
 Lloyd, John, jun., Messrs. Williams & Co., Bangor  
 Long, James Thomas, London and County Banking Co., Limited, 21, Lombard Street, E.C.  
 Lovelock, William Hudswell, London and County Banking Co., Limited, Midhurst  
 Lovett, Edward, London and Westminster Bank, Limited, 1, St. James's Square, S.W.  
 Lucy, Charles Frederic, Wilts and Dorset Banking Co., Marlborough  
 Lush, John Millard, Wilts & Dorset Banking Co., Dorchester  
  
 Mackenzie, Benjamin Duncan, Bank of England, E.C.  
 Mackie, David, Colonial Bank of New Zealand, 13, Moorgate Street, E.C.  
 McDowall, Samuel Susanson, Messrs. Bosanquet, Salt & Co., 73, Lombard Street, E.C.  
 McGregor, James Abel, Parr's Banking Co., Limited, Wigan  
 Mackay, Ronald Junnia, Messrs. Coutts & Co., 59, Strand, W.C.  
 McKie, John Macmillan, Manchester and County Bank, Limited, Manchester.  
 MacLachlan, Thomas, National Provincial Bank of England, Limited, Darlington  
 McLewin, William Charles, Standard Bank of London, Limited, 29, Lombard Street, E.C.  
 McMinn, Robert Inglis, London and Westminster Bank, Limited, 29, Lombard Street, E.C.  
 McMurtrie, Hugh, Stuckey's Banking Co., Frome  
 Maddison, Edward, National Provincial Bank of England, Limited, Ledbury  
 Mainland, Dudley John, Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Mann, John Charles, Union Bank of London, 2, Princes Street, E.C.  
 Mannall, John Haxell, Messrs. Gurneys & Co., Norwich  
 Manuel James, London & Provincial Bank, Limited, Sussex Place, Queen's Gate, S.W  
 Marquis, James Thomas Manchester & County Bank, Limited, Colne  
 Martin, Frank, Royal Bank of Scotland, 124, Bishops-gate Street Within, E.C.  
 Martin, George Pooley, Yorkshire Banking Co., Limited, Pontefract  
 Martin, John Howe, National Provincial Bank of England, Limited, 53, Baker Street, W.  
 Massey, Henry Richard Suffield, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Maasingham, George Augustus, Messrs. Barclay & Co., 54, Lombard Street, E.C.

Matthews, Bernard, Worcester City and County Banking Co., Limited, Worcester  
 Matthews, John, National Provincial Bank of England, Limited, Amlwch, Anglesey  
 Maw, Samuel Alexander, jun., Messrs. Alexanders, Birkbeck & Co., Sudbury, Suffolk  
 Mayer, David, 7, East India Avenue, E.C.  
 Meacock, Charles, London and County Banking Co., Limited, 21, Hanover Square, W.  
 Meikle, Robert, Manchester and Liverpool District Banking Co., Limited, Spring Gardens, Manchester  
 Meldrum, Halkerstone, Bank of New South Wales, 64, Old Broad Street, E.C.  
 Mellish, Edward John, Messrs. Coutts & Co., 59, Strand, W.C.  
 Mence, Richard Thomas, Worcester City and County Banking Co., Limited, Malvern  
 Methley, Charles, Barnsley Banking Co., Barnsley  
 Millar, Harry Lee, Union Bank of London, Charing Cross, S.W.  
 Miller, Charles Goulden, London and County Banking Co., Limited, 21, Lombard Street, E.C.  
 Millett, Walter Hale, Bank of England, E.C.  
 Millett, Charles Dewen, London and Westminster Bank, Limited, 217, Strand, W.C.  
 Milligan, John, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.  
 Mills, John Elliott, The Capital and Counties Bank, Limited, Bristol  
 Mitchell, Alexander, London and County Banking Co., Limited, Newport, Isle of Wight  
 Morgan, Christopher William, Union Bank of London, 2, Princes Street, E.C.  
 Morgan, James Michael, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Morris, John, Messrs. Sparrow, Tufnell & Co., Essex Bank, Halstead, Essex  
 Morris, William, Messrs. Stephens, Blandy & Co., Maidenhead  
 Morrison, John, Manchester & Liverpool District Banking Co., Limited, Ormskirk  
 \*Mottam, James, Messrs. Gurney's & Co., Norwich  
 Mourant, Samuel Noé, The Capital and Counties Bank, Limited, Jersey  
 Monsley, Henry Knight, Midland Banking Co., Limited, Whitechurch, Salop  
 Moxley, Edwin, Messrs. Miles, Cave, Baillie & Co., Bristol  
 Murray, John Edward, Standard Bank of British South Africa, Limited, 10, Clement's Lane, E.C.  
 Myles, Charles Derwentwater, Union Bank of London, 2, Princes Street, E.C.  
 Naylar, William, London and County Banking Co., Limited, Slough  
 Neilson, Douglas, London and Westminster Bank, Limited, 1, St. James's Square, S.W.

Ness, Thomas, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.  
 Nicholls, William, Hong Kong and Shanghai Banking Corporation, 31, Lombard Street, E.C.  
 Nixon, George Frederick, London & County Banking Co., Limited, Winchester  
 Noake, Charles Woodyatt, Worcester City and County Banking Co., Limited, Worcester  
 Norman, John George, Messrs. Harris, Bulteel & Co., Naval Bank, Plymouth  
 Nye, Charles, Messrs. Coutts & Co., 59, Strand, W.C.  
 Old, Albert Edward, The Swansea Bank, Limited, Llanelly  
 Outram, Augustus Frederick, London and County Banking Co., Limited, Tenterden  
 Page, George William, London and Provincial Bank, Limited, King's Lynn  
 Palmer, Robert, Lancaster Banking Co., Kirkby Lonsdale  
 Parker, Samuel Compigné, London and Westminster Bank, Limited, 217, Strand, W.C.  
 Parry, John, National Provincial Bank of England, Limited, Lichfield  
 Parsons, Alexander Eames, Northamptonshire Union Bank, Limited, Thrapston  
 Payne, John William, London and County Banking Co., Limited, Tunbridge  
 Pearce, Charles Francis, London and County Banking Co., Limited, 112, Aldersgate Street, E.C.  
 Pearce, William Henry Dunning, London and Westminster Bank, Limited, 214, High Holborn, W.C.  
 Philpot, Charles Dawson, London & Provincial Bank, Limited, 8, Sussex Place, Queen's Gate, S.W.  
 Pigott, Charles, London and County Banking Co., Limited, Reigate  
 Place, John, Nottingham and Notts Banking Co., Nottingham  
 Plante, Alfred Pope, London and Westminster Bank, Limited, 214, High Holborn, W.C.  
 Pledger, William, Messrs. J. Mortlock & Co., Ely  
 Polkinghorne, William, Messrs. Clymo, Trefry & Co., Liskeard District Bank, Liskeard, Cornwall  
 Porter, William, Leeds and County Bank Limited, Goole  
 Potter, John Charles, Messrs. Brooks & Co., 81, Lombard Street, E.C.  
 Potter, Robert, Midland Banking Co., Limited, Huddersfield  
 Powell Edward, London and Westminster Bank, Limited, 214, High Holborn, W.C.  
 Powell, Thomas Bowes, Messrs. Wilkins & Co., Aberdeen  
 Powell, Thomas Eyre, Royal Bank of Ireland, Dublin



- Pownall, George Henry, Manchester and Salford Bank, St. Ann's Street, Manchester
- Pownall, Henry William, London and County Banking Co., Limited, 48, Sussex Place, Queen's Gate, S.W.
- Precey, William, Staffordshire Joint Stock Bank, Limited, Walsall
- Prentice, John Frederic, Messrs. Gurneys & Co., Norwich
- Pryer, William Henry Isaac, National Provincial Bank of England, Limited, Norwich
- Pugh, John Oliver, North and South Wales Bank, Limited, Corwen
- Pughe, William, National Provincial Bank of England, Limited, Bangor
- Radclyffe, Edward Revell James, Messrs. Coutts & Co., 59, Strand, W.C.
- Rawles, Walter Frederick, Messrs. Martin & Co., 68, Lombard Street, E.C.
- Rawlins, Joseph, The Capital and Counties Bank, Limited, Westminster
- Raymond, Cuthbert, National Provincial Bank of England, Limited, Boston
- Read, William Farrow, Messrs. Smith, Ellison & Co., Lincoln Bank, Great Grimsby
- Reaney, Robert Agnew, Messrs. Veasey, Deaborough & Co., Huntingdon
- Reed, Thomas, City Bank, Limited, 219, Edgware Road, W.
- Revis, George Wilkinson, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Rhodes, Hugh Garaide, Sheffield and Rotherham Joint Stock Banking Co., Limited, Dronfield
- Richards, Thomas George, London and County Banking Co., Limited, Broadway, Deptford
- Ridley, Joseph, Union Bank of London, 2, Princes Street, E.C.
- Rigge, William Edward John, London and County Banking Co., Limited, Uxbridge
- Ringer, Horace Stewart, Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.
- Roantree, Alfred Thomas, London and County Banking Co., Limited, Stockwell Street, Greenwich
- Robbins, John Randolph, London and County Banking Co., Limited, 21, Lombard Street, E.C.
- Roberts, Edwin, National Provincial Bank of England, Limited, York
- Robertson, Egbert, London and Westminster Bank, Limited, 217, Strand, W.C.
- Robinson, John Chesworth, Messrs. Williams & Co., Old Bank, Chester
- Robinson, John George, National Provincial Bank of England, Limited, Middlesborough
- Roper, Herbert Johnston, Midland Banking Co., Limited, Stamford
- Rose, Charles, Bank of England, E.C.
- Ross, John, Bank of British North America, 3, Clement's Lane, E.C.
- Rowlands, John Rowland, National Provincial Bank of England, Limited, Tenby
- Rowlett, Rowland Richard, Union Bank of London, 2, Princes Street, E.C.
- Rowland Thomas James, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Sandison, John, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Sansom, Henry John, Messrs. Sparrow, Tufnell & Co., Essex Bank, Maldon
- Say, Arthur, Messrs. Wilkins & Co., Haverfordwest
- St. John, Frederick Donne Bolingbroke, Messrs. Gurney's & Co., Norwich
- Scholes, Thomas Aldcroft, The Manchester Joint Stock Bank, Limited, 79, King Street, Manchester
- Seaman, Henry Garwood, Manchester and Salford Bank, Manchester
- Searle, Alan, Wilts and Dorset Banking Co., Bradford-on-Avon
- Searle, Frank Howard, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Sermon, Frederick Jeremiah, National Provincial Bank of England, Limited, Berkeley Gloucestershire
- Seymour, Frederick, Alliance Bank, Limited, Bartholomew Lane, E.C.
- Sharpe, William Henry, Stamford, Spalding and Boston Banking Co., Limited, Peterborough
- Shaw, Samuel William, London and County Banking Co., Limited, 21, Lombard Street, E.C.
- Shepherd, Thomas Fairbrother, Stamford, Spalding and Boston Banking Co., Limited, Oundle
- Sherring, Charles Henry, London and County Banking Co., Limited, 324, High Holborn, W.C.
- Shillitoe, John Allcard, 62, York Terrace West, Regent's Park, N.W.
- Shipley, George Hopkin, Manchester and Salford Bank, Manchester
- Shout, William Cooley, Stamford, Spalding and Boston Banking Co., Limited, Northampton
- Simms, Henry, National Provincial Bank of England, Limited, Leeds
- Simpson, James Wainhouse, Bank of New Zealand, Pitt Street, Sydney, N.S.W.
- Simson, Robert Erskine, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Smart, Henry Wells, City Bank, Limited, Threadneedle Street, E.C.
- Smith, Bertram, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Smith, Henry, London & Westminster Bank Limited, 41, Lothbury, E.C.
- Smith, John George, Messrs. Glyn & Co., 67 Lombard Street, E.C.
- Smith, Niemann, Messrs. Coutts & Co., 59, Strand, W.C.
- Smith, William King, London and Westminster Bank, Limited, 1, St. James's Square, S.W.
- Smith, Thomas Jabez, Manchester and Liverpool District Banking Co., Limited, Cheadle, Staffordshire
- Snelling, James William, The Capital and Counties Bank, Limited, Winchester
- Snow, John, City Bank, Limited, 34, Old Bond Street, W.
- Somers, Walter Bell, Royal Bank of Scotland 124, Bishopsgate Street Within, E.C.
- Southwell, Thomas, Messrs. Gurneys & Co.'s Norwich
- Sowdon, Henry Lucy, Birmingham Banking Co., Limited, Moreton-in-Marsh

- Sparling, Hart Theobald, London and Westminster Bank, Limited, 1, St. James's Square, S.W.
- Spearing, John, jun., Messrs. Hall, Bevan & Co., Brighton
- Sprague, Francis Stephen, Devon and Cornwall Banking Co., Crediton
- Spurrier, Thomas, Messrs. Martin & Co., 68, Lombard Street, E.C.
- Stephens, Marcus Apelles, National Provincial Bank of England, Limited, Cardigan
- Stevenson, Albert, Messrs. Brooks & Co., 81, Lombard Street, E.C.
- Stevenson, George Thomas, General Credit and Discount Co., Limited, 7, Lothbury, E.C.
- Stewart, Thomas Hunter, Manchester and Liverpool District Banking Co., Limited, Hanley
- Stubington, George Henry, The Capital and Counties Bank, Limited, Alton
- Sutherland, James Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.
- Swallow, John Henry, Halifax Joint Stock Banking Co., Limited, Halifax
- Swift, James, Barnsley Banking Co., Barnsley
- Taylor, William, Manchester and Liverpool District Banking Co., Limited, Stone, Staffordshire
- Thomas, Frederick Charles, London and Westminster Bank, Limited, 217, Strand, W.C.
- Thomas, Lewis Gwynne, North and South Wales Bank, Limited, Ruthin
- Thompson, Benjamin, Messrs. Gurney's & Co., Norwich
- Thoms, Henry, London and County Banking Co., Limited, High Street, Kensington, W.
- Todd, John Timothy, Messrs. Gurney's & Co., Norwich
- Tresilian, Charles Allman, The Munster Bank, Limited, Dame Street, Dublin
- Treweek, James, National Provincial Bank of England, Limited, Leeds
- Tucker, Ambrose, Wilts and Dorset Banking Co., Salisbury
- Tuttielt, John Henry, National Provincial Bank of England, Limited, Landport
- Twining, Samuel, Messrs. Richard Twining & Co., 215, Strand, W.C.
- Walker, William Henry, Manchester and County Bank, Limited, King Street, Manchester
- Walker, William, Union Bank of London, Chancery Lane, W.C.
- Waller, Edmund, London and County Banking Co., Limited, 21, Hanover Square, W.
- Wallis, Alfred George, Bank of British North America, 3, Clement's Lane, E.C.
- Walter, Walter Moss, London and County Banking Co., Limited, 21, Lombard Street, E.C.
- Ward, John, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Wardley, John Owen, Messrs. Samuel Smith & Co., Newark-on-Trent
- Warr, Daniel, Messrs. Richard Twining & Co., 215, Strand, W.C.
- Waters, Charles, London and County Banking Co., Limited, 193, Caledonian Road, N.
- Watkins, Charles William, National Provincial Bank of England, Limited, Rugeley
- Watson, William Milne, National Provincial Bank of England, Limited, Birmingham
- Wawn, William, National Provincial Bank of England, Limited, Darlington
- Wearing, William, County of Gloucester Bank, Limited, Swindon
- Weedon, Ernest, London and County Banking Co., Limited, Banbury
- Wells, James Adey, National Provincial Bank of England, Limited, Llandudno
- White, Frederic, London and Provincial Bank, Limited, Eye, Suffolk
- Whelen, Thomas Laws, Union Bank of London, 2, Princes Street, E.C.
- White, Henry John, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.
- Whittle, Francis, Union Bank of London, Chancery Lane, W.C.
- Williams, Frederick, London and County Banking Co., Limited, Upper Street, Islington
- Williams, Henry Iacon, Worcester City and County Banking Co., Limited, Worcester
- Williams, John, Bucks and Oxon Union Bank, Limited, Aylesbury
- Williams, Joseph, National Provincial Bank of England, Limited, Durham
- Williams, Richard, County of Stafford Bank, Wolverhampton
- Williams, Richard Derbin, London Chartered Bank of Australia, Newcastle, New South Wales
- Williams, Richard Wheatley, Messrs. Martin & Co., 68, Lombard Street, E.C.
- Williams, William, National Provincial Bank of England, Limited, Hanley
- Wilshin, John, The Capital and Counties Bank, Limited, Devises
- Windle, Christopher Henry, Bank of England, E.C.
- Wise, Daniel Richard, City Bank, Limited, 219, Edgware Road, W.
- Wood, William, Chartered Bank of India, Australia and China, Hatton Court, Threadneedle Street, E.C.
- Woollacott, Edward, London and Westminster Bank, Limited, 1, St. James's Square, S.W.
- Wordworth, John Edward, Sheffield Union Banking Co., Sheffield
- Wright, Alfred, London and County Banking Co., Limited, Beckenham
- Wright, Henry P., Messrs. Gurneys & Co., East Dereham
- Wyatt, Herman Richard, London and County Banking Co., Limited, 112, Aldersgate Street, E.C.
- Yorke, Richard Philip, Messrs. Alexander & Co., Hadleigh, Suffolk
- Young, Meaburn Staniland, Stamford, Spalding and Boston Banking Co., Limited, Stamford

## LIST OF ORDINARY MEMBERS.

- Abbott, Charles Alfred Ernest, Stamford, Spalding, and Boston Banking Co., Limited, Leicester
- Abbott, George Edward, Stamford, Spalding, and Boston Banking Co., Limited, Boston
- Abbott, George, Stamford, Spalding, and Boston Banking Co., Limited, Peterborough
- Abraham, R. S., Bank of New Zealand, Bulls, Wanganui, N.Z.
- Absell, James, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Acason, William, Midland Banking Co., Limited, Huddersfield
- Adam, Aeneas, Bank of England, E.C.
- Adey, Algernon Douglas, The Capital and Counties Bank, Limited, Devises
- Alcock, Arthur John, London and South Western Bank, Limited, 7, Fenchurch Street, E.C.
- Allwright, Henry, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Anderson, Arthur, Wilts and Dorset Banking Co., Salisbury
- Anderson, Charles Bell, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Anderson, Thomas John, Chartered Bank of India, Australia, and China, Hatton Court, Threadneedle Street, E.C.
- Andrews, James, jun., Messrs. R. & R. Williams & Co., Dorsetshire Bank, Swanage
- Annot, Frederick William, Bank of England, E.C.
- Antkiff, William Ashe, Messrs. Wakefield, Crewdson, & Co., Kendal Bank, Ulverston
- Armstrong, John, Stamford, Spalding and Boston Banking Co., Limited, Leicester
- Armstrong, William Everard, Birmingham, Dudley and District Banking Company, Limited, West Bromwich
- Arnold, Percy, Colonial Bank of New Zealand, 18, Moorgate Street, E.C.
- Ascongh, James Christopher, Messrs. Peacock, Handley & Co., Sleaford
- Ashford, Charles Ridley, Messrs. Brooks & Co., 81, Lombard Street, E.C.
- Askwith, Thomas, Bank of England, E.C.
- Atkins, Arthur, Messrs. Glyn & Co., 67, Lombard Street, E.C.
- Ayres, Frank, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Ayers, John Charles, National Provincial Bank of England, Limited, Great Yarmouth
- Bacon, James Ernest, National Provincial Bank of England, Limited, Norwich
- Badcock, Frederick, Messrs. J. Backhouse & Co., Bishop Auckland
- Badcock, Joshua Cory, Messrs. I. and I. W. Pease, 92, Northgate, Darlington
- Bagnall, George Rhydero, National Provincial Bank of England, Limited, Manchester
- Bagnall, Joseph Wood, Manchester and Liverpool District Banking Co., Limited, Cheadle, Staffordshire
- Bailey, George Miles, London and South Western Bank, Limited, High Street, Peckham, S.E.
- Baker, Frederick William, London and County Banking Co., Limited, Bedford
- Baker, George, Messrs. Pritchard, Nicholas & Co., Broseley
- Baker, John Arthur, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Ball, Henry Rowland, City Bank, Limited, 7, Lowndes Terrace, Knightsbridge
- Ballantyne, James, Bank of Australasia, 4, Threadneedle Street, E.C.
- Banson, Charles Edward, Messrs. Glyn & Co., 67, Lombard Street, E.C.
- Barclay, Alexander, London and South Western Bank, Limited, High Street, Tooting, S.W.
- Barnard, Arthur Maynard, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Barnes, Alfred, Bank of New Zealand, Wanganui, N.Z.
- Barnes, Henry Humfrey, Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.
- Barnes, John, London and Provincial Bank Limited, Chatham
- Barnes, Thomas Jackson, Stamford, Spalding and Boston Banking Co., Limited, Peterborough
- Barwell, Richard, Union Bank of London, Charing Cross, S.W.
- Barrelet, Edward, Messrs. Aynard & Rüffer, 39, Lombard Street, E.C.
- Barton, W. E., Bank of New Zealand, Wanganui, N.Z.
- Bastable, John Daniel, City Bank, Limited, 219 & 221, Edgware Road, W.
- Bateman, Horace Newland, London and Yorkshire Bank, Limited, Sheffield
- Bates, Arthur Ward, London and South Western Bank, Limited, 250, Camberwell Road, S.E.
- Bates, William Henry, Messrs. Henry S. King & Co., 65, Cornhill, E.C.
- Batterbee, Edwin, National Provincial Bank of England, Limited, Ringwood
- Baxter, Alexander Burt, Australian Joint Stock Bank, 18, King William Street, E.C.
- Baxter, James, Bank of New Zealand, 1, Queen Victoria Street, E.C.
- Bayley, William Ernest, Lancaster Banking Co., Lancaster
- Bean, George, Union Bank of Birmingham, Limited, Waterloo Street, Birmingham
- Beavis, John William, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Beddy, Walter Henry, Oriental Bank Corporation, 40 Threadneedle Street, E.C.
- Beech, John, National Provincial Bank of England, Limited, Hanley
- Beech, William, National Provincial Bank of England, Limited, Hanley

- Beecroft, Charles James, Stamford, Spalding and Boston Banking Co., Limited, Stamford
- Beesley, Henry, Moore and Robinsons' Notts Banking Co., Limited, Warksworth
- Bevers, Joseph William, National Provincial Bank of England, Limited, Leeds
- Bell, Andrew Agnew, Messrs. Brooks & Co., 81, Lombard Street, E.C.
- Bell, James, Oriental Bank Corporation, 40, Threadneedle Street, E.O.
- Bennett, William Henry Eustace, Messrs. Glyn & Co., 67, Lombard Street, E.O.
- Berkley, James William, Bank of New Zealand, 1, Queen Victoria Street, E.C.
- Berridge, William, General Credit and Discount Co., Limited, 7, Lothbury, E.C.
- Berry, Other Windsor, Bank of England, E.O.
- Bertram, Arthur Jocelyn, Messrs. McCulloch & Co., 75, Lombard Street, E.C.
- Best, Thomas, Sheffield and Rotherham Joint Stock Banking Co., Limited, Sheffield
- Bevan, Algernon Beckford, Messrs. Oakes, Bevan and Co., Bury St. Edmunds
- Bidgood, William Ebenezer, London and County Banking Co., Limited, 21, Lombard Street, E.C.
- Bierer, Auguste, Messrs. D. Mayer, 7, East India Avenue, E.C.
- Bill, Herbert Paul, Birmingham, Dudley and District Banking Co., Limited, Birmingham
- Birch, Thomas James, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Bird, Samuel Alexander, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Bird, William, Messrs. Alexanders & Co., Ipswich
- Bishop, Winslow, London and County Banking Co., Limited, Greenwich, S.E.
- Blackburn, Edwin, National Provincial Bank of England, Limited, Leeds
- Blackman, William Robert, late of the London and Provincial Bank, Limited
- Blades, Sherriff, Manchester and Liverpool District Banking Co., Limited, Leek, Staffordshire
- Blake, Charles Edwin, London and County Banking Co., Limited, Deptford, S.E.
- Blake, James, London Joint Stock Bank, 28, Borough High Street, S.E.
- Blomfield, Charles Edward, London and County Banking Co., Limited, High Street, Kensington, W.
- Blyth, Henry Shipley, Messrs. Coutts & Co., 59, Strand, W.O.
- Boddington, John C., Bank of New Zealand, Masterton, Wellington, N.Z.
- Bolling, Charles Francis Bird, Standard Bank of London, Limited, 29, Lombard Street, E.C.
- Bone, James, Manchester and Liverpool District Banking Co., Limited, Rochdale
- Booth, James, Manchester and County Bank, Limited, Burnley
- Borlase, Charles Augustus Moyle, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Bourne, Charles, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Bowen, Edward Palmer, Worcester City and County Banking Co., Limited, Leominster
- Bower, Horace Wharton, London and Westminster Bank, Limited, 41, Lothbury, E.O.
- Bowman, George Cyril, Messrs. Coutts and Co., 59, Strand, W.C.
- Bowman, John Herbert, Bank of England, E.O.
- Boyer, Herbert Henry, Bank of England, E.C.
- Bradford, Archibald Campbell, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Bradley, James John, Messrs. Coutts & Co., 59, Strand, W.C.
- Brand, Charles James, National Provincial Bank of England, Limited, Lowestoft
- Bremner, Horace, London and Westminster Bank, Limited, 217, Strand, W.O.
- Brettingham, Richard Evelyn, Messrs. Martin & Co., 68, Lombard Street, E.C.
- Brewer, Herbert Henry, London and South Western Bank, Limited, High Street, Hampstead, N.W.
- Brewer, William, London and South Western Bank, Limited, Park Street, Camden Town, N.W.
- Bridge, Stephen Bourne, London and County Banking Co., Limited, 3, Victoria Street, Westminster, S.W.
- Bristow, Edward Alexander, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Brockley, Robert, Birmingham, Dudley and District Banking Co., Limited, Birmingham
- Brodie, Charles Bertram, London and South Western Bank, Limited, 7, Fenchurch Street, E.C.
- Brooman, John Egmont, The Capital and Counties Bank, Limited, 39, Threadneedle Street, E.C.
- Brown, Charles Farnell, London and County Banking Co., Limited, Cranbrook
- Brown, Daniel Walter Barlow, Union Bank of Manchester, Limited, Bolton
- Brown, Henry, jun., Yorkshire Banking Co., Limited, Bradford
- Brown, Percy William, Royal Bank of Scotland, 124, Bishopsgate Street Within, E.C.
- Brown, Thomas Elton, London and County Banking Co., Limited, Kingston-on-Thames
- Brown, Thomas Henry, London and South Western Bank, Limited, 275, Brixton Road, S.W.
- Brown, Walter Edward, London and County Banking Co., Limited, 1, Connaught Street, Paddington, W.
- Brown, William, Lloyd's Banking Co., Limited, Burton-on-Trent
- Brownlow, Edward Burrough, London and County Banking Co., Limited, Borough High Street, S.E.
- Bryan, Robert Peach, Stamford, Spalding and Boston Banking Co., Limited, Grantham
- Bull, James Willis, Messrs. Glyn & Co., 67, Lombard Street, E.C.
- Bullivant, Charles William, Staffordshire Joint Stock Bank, Limited, Cannock

- Burnet, John Blain, Manchester and Liverpool District Banking Co., Limited, Spring Gardens, Manchester
- Burr, Henry Daniel, Messrs. Glyn & Co., 67, Lombard Street, E.C.
- Burton, Frederic Walter, City Bank, Limited, 159 & 160, Tottenham Court Road, W.
- Bushell, Aline, Birmingham, Dudley, and District Banking Co., Limited, Birmingham
- Butler, Arthur, Wilts and Dorset Banking Co., Salisbury
- Butterfield, John, London and South Western Bank, Limited, High Street, Hampstead, N.W.
- Cadle, Henry, National Provincial Bank of England, Limited, Carmarthen
- Caldecott, Robert, Whitchurch and Ellemere Banking Co., Limited, Whitchurch, Salop
- Call, William, City Bank, Limited, 159 & 160, Tottenham Court Road, W.
- Callant, Alfred George, Messrs. Cooper, Purton & Sons, Bridgnorth
- Calver, John, Messrs. Gurneys & Co., Bungay
- Campbell, John, Manchester and Salford Bank, Bolton
- Canham, George Walton, Messrs. Coutts & Co., 59, Strand, W.C.
- Cannon, William Henry, London and County Banking Co., Limited, 21, Hanover Square, W.
- Card, Arthur William, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Carr, George, Consolidated Bank, Limited, 52, Threadneedle Street, E.C.
- Cartwright, John, Manchester and Liverpool District Banking Co., Limited, Leek, Staffordshire
- Carver, James, Messrs. Gurney's & Co., Norwich
- Chalklen, Frederick George William, Messrs. Richard Twining & Co., 215, Strand, W.C.
- Chamberlain, Herbert Alfred, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Chamberlain, Robert Edward, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Chambers, Charles, National Provincial Bank of England, Limited, Barnard Castle
- Chambers, Frederick James, London and Provincial Bank, Limited, Rochester
- Chambers, James, London and County Banking Co., Limited, Luton
- Chandler, Alfred Benjamin, National Provincial Bank of England, Limited, Shrewsbury
- Chandler, Lewin John, Messrs. Henry S. King & Co., 65, Cornhill, E.C.
- Chapman, John Hackett, Messrs. T. Ashby & Co., Bank, Walton-on-Thames
- Chapman, Philip Montagu, Union Bank of London, 2, Princes Street, E.C.
- Charlton, Charles James, Stamford, Spalding and Boston Banking Co., Limited, Stamford
- Chipper, Percy, City Bank, Limited, 219 & 221, Edgware Road, W.
- Chisholm, Alexander Wallace, London and Westminster Bank, Limited, 6, Borough High Street, S.E.
- Christie, Henry F., Bank of New Zealand, Patea, Taranaki, N.Z.
- Chubb, Morley William, Bank of England, E.C.
- Chubb, Walter Bromwich, Bank of England, E.C.
- Clark, Ernest Alfred, Messrs. Eliot, Pearce & Co., Bournemouth Bank, Bournemouth
- Clark, John McClare, Cumberland Union Banking Co., Limited, Haltwhistle
- Clarke, Edwin Wood, Bucks and Oxon Union Bank, Limited, Aylesbury
- Clarke, Frederick William, London and County Banking Co., Limited, Greenwich, S.E.
- Clarke, John, Manchester and Liverpool District Banking Co., Limited, King Street, Manchester
- Clarkson, William, National Provincial Bank of England, Limited, Leeds
- Clegg, Edwin Asheton, London and County Banking Co., Limited, Petersfield
- Clench, Henry Spurway, London and County Banking Co., Limited, Newport, Isle of Wight
- Clothier, Frederick Sydney, London and South Western Bank, Limited, Wellington Road, St. John's Wood, N.W.
- Clulce, Harry Arthur, Lloyd's Banking Co., Limited, Burton-on-Trent
- Clutton, William, Messrs. Gurneys & Co., Bungay
- Coard, Philip Aldridge, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.
- Coates, Montagu Nance, London and County Banking Co., Limited, Hove, Brighton
- Cobb, Arthur Stanley, London and Provincial Bank, Limited, Tenby
- Cobbold, Augustus Hills, National Provincial Bank of England, Limited, Southampton
- Cock, George Thomas, National Provincial Bank of England, Limited, Norwich
- Cockburn, Alexander, Ulster Bank, Castlerca. Roscommon, Ireland
- Cockell, Walter, London and County Banking Co., Limited, Bank Buildings, Westow Hill, Upper Norwood
- Coe, Walter John, Bank of England, E.C.
- Colenutt, Fabian, National Provincial Bank of England, Limited, Portsea
- Coles, Isaac Aplin, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Collins, Ernest Morris, Union Bank of London, 2, Princes Street, E.C.
- Collins, Henry Wilfred, London and Provincial Bank, Limited, 7, Bank Buildings, Lothbury, E.C.
- Collins, Oliver, National Provincial Bank of England, Limited, Southsea
- Colwell, Alfred, German Bank of London, Limited, Bartholomew Lane, E.C.
- Conley, Hugh, Cumberland Union Banking Co., Limited, Haltwhistle
- Constable, Henry, London and County Banking Co., Limited, Eastbourne
- Cook, Henry Albert, London and South Western Bank, Limited, High Street, Hampstead, N.W.

- Cook, Henry Tinney Hillersdon, Wilts and Dorset Banking Co., Devizes
- Cooke, Joseph Lawrence, Chartered Bank of India, Australia, and China, Hatton Court, Threadneedle Street, E.C.
- Cooke, Robert Charles Mailes, National Provincial Bank of England, Limited, Barnard Castle
- Corbett, Henry Shelton, Chartered Bank of India, Australia and China, Hatton Court, Threadneedle Street, E.C.
- Cornish, James Henry, Messrs. Smith, Payne & Smith's, 1, Lombard Street, E.C.
- Cosens, William, London & County Banking Co., Limited, 1, Connaught Street, Paddington, W.
- Courtenay, Peter Reginald, London and Provincial Bank, Limited, 8, Sussex Place, Queen's Gate, S.W.
- Couzens, John Howard, Messrs. Grindlay & Co., 55, Parliament Street, S.W.
- Cox, James, London and South Western Bank, Limited, Station Road, Kilburn, N.W.
- Coxon, Ernest James, Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.
- Cracknell, Frank, Messrs. Glyn & Co., 67, Lombard Street, E.C.
- Cracknell, Thomas George, London and Provincial Bank, Limited, Rhyll
- Craig, Charles William, London Joint Stock Bank, 5, Princes Street, E.C.
- Crawshaw, Frederick, Sheffield Union Banking Company, Attercliffe
- Creedy, Robert Henry, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Cressall, Frederick, London and County Banking Co., Limited, Newport, Isle of Wight
- Cross, Edward William, jun., Messrs. Eliot, Pearce & Co., Bournemouth
- Cross, John Wenn, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Croucher, William, General Credit and Discount Co., Limited, 7, Lothbury, E.C.
- Crow, John Garton, City Bank, Limited, 159 & 160, Tottenham Court Road, W.
- Crowley, Thomas Crichton, London and Yorkshire Bank, Limited, Halifax
- Crowther, Henry, London and South Western Bank, Limited, Battersea, S.W.
- Crump, Ernest Compton, London and South Western Bank, Limited, Forest Hill, S.E.
- Crutenden, Alfred, London and County Banking Co., Limited, Deptford, S.E.
- Cullingworth, Alfred, Staffordshire Joint Stock Bank, Limited, Walsall
- Cumberland, Arthur George, Messrs. T. and T. Paget, Leicester Bank, Leicester
- Cumberland, Eldrid Harold, London and County Banking Co., Limited, 21, Lombard Street, E.C.
- Curtis, Edward John, Bank of England, E.C.
- Curtis, Joseph William, Union Bank of Australia, Limited, 1, Bank Buildings, E.C.
- Dabbs, Samuel, Messrs. Martin & Co., 68, Lombard Street, E.C.
- Dale, Arthur Henry Plomer, London & South Western Bank, Limited, Peckham, S.E.
- Dale, John Brodick, Messrs. Dale, Young & Co., South Shields
- Dallin, Thomas, National Provincial Bank of England, Limited, Portsea
- Dartnell, George Edward, Wilts and Dorset Banking Co., Salisbury
- Darton, John Samuel, Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.
- Davidge, Edward Herbert, London and County Banking Co., Limited, 121, High Street, Croydon
- Davidge, Frank Caspar, London and County Banking Co., Limited, Newington Butts, S.E.
- Davies, Charles William, Lloyd's Banking Co., Limited, Great Bridge
- Davies, Morris, North and South Wales Bank, Limited, Carnarvon
- Davies, Valentine Charles, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.
- Davies, William, National Provincial Bank of England, Limited, Upper Street, Islington, N.
- Davies, William Knowles, London and County Banking Co., Limited, 21, Hanover Square, W.
- Davis, Clifford, London and South Western Bank, Limited, Westow Hill, Upper Norwood
- Davis, Edwin Neave, London and South Western Bank, Limited, Sydenham, S.E.
- Davis, John William, Messrs. Barnetts & Co., 62, Lombard Street, E.C.
- Day, James Branton, London and County Banking Co., Limited, 12, King Street West, Hammersmith
- Day, John Sage, Worcester City and County Banking Co., Limited, Droitwich
- Dean, William Senior, Bank of England, E.C.
- De la Cour, Edward John, Messrs. Oakes, Bevan & Co., Stowmarket, Suffolk
- Denham, Arthur Henry, Manchester and County Bank, Limited, 15, Church Street, Preston
- Dent, Joseph Henry, National Provincial Bank of England, Limited, Darlington
- Dexter, John Bates, Bristol and West of England Bank, Limited, Bristol
- Dibben, Arthur Edwin, Wilts and Dorset Banking Co., Salisbury
- Dickins, Edward Francis, National Bank of Liverpool, Limited, 14, Cook Street, Liverpool
- Dickinson, Walter, Birmingham, Dudley and District Banking Co., Limited, Birmingham
- Dillon, Malcolm, Australian Joint Stock Bank, 18, King William Street, E.C.
- Dodd, Walter Charles, Messrs. Barclay & Co, 54, Lombard Street, E.C.
- Dodds, John, Messrs. Williams & Co., Old Bank, Chester
- Dodgson, John William, Sheffield and Rotherham Banking Co., Limited, Rotherham
- Doveton, George Taylor, London and South Western Bank, Limited, Bristol
- Dow, David, Bank of New Zealand, Wanganui, N.Z.

- Dow, Walter Norton, Hong Kong and Shanghai Banking Corporation, 31, Lombard St., E.C.
- Down, Henry Wyndham, London and South Western Bank, Limited, 187, Ladbroke Grove, W.
- Downes, Arthur, London and County Banking Co., Limited, 8, Victoria Street, S.W.
- Drewett, Walter Joseph, National Bank of Liverpool, Limited, 14, Cook Street, Liverpool.
- Driver, Charles William, National Provincial Bank of England, Limited, Tiverton
- Drought, Albert Eyre, Bank of Ireland, Dublin
- Druitt, Thomas Wyard, Union Bank of London, 2, Princes Street, E.C.
- Drury, Drue, National Provincial Bank of England, Limited, Ipswich
- Drysdale, Alexander James Macgregor, Bank of New South Wales, 64, Old Broad St., E.C.
- Duffus, John, Standard Bank of British South Africa, Limited, 10, Clement's Lane, E.C.
- Duncan, Malcolm, National Provincial Bank of England, Limited, Carey Street, Lincoln's Inn, W.C.
- Dunlop, John James Woodhouse, Ulster Bank, Sligo, Ireland
- Dunning, Rowland, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.
- Dunstall, William Harold, London and Westminster Bank, Limited, 214, High Holborn, W.C.
- Dye, Walter, National Provincial Bank of England, Limited, Manchester
- Dyer, Arthur Charles, National Provincial Bank of England, Limited, Manchester
- Eagles, J. P., Bank of New Zealand, Wanganui, N.Z.
- Earle, Charles, London and County Banking Co., Limited, 48, Sussex Place, Queen's Gate, S.W.
- Eddington, George, Bank of New South Wales, 64, Old Broad Street, E.C.
- Edgecombe, William Clatworthy Sewell, National Provincial Bank of England, Limited, Ipswich
- Edger, John, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Edmonds, Henry, Union Bank of London, Holborn Circus, E.C.
- Edmonds, St. George Woodland, National Provincial Bank of England, Limited, Middlesborough
- Edwardes, Charles, St. Mark's Place, Wolverhampton
- Edwards, Walter Maples, London and County Banking Co., Limited, Saffron Walden
- Elder, James Keillar, Messrs. Bacon, Cobbold & Co., Ipswich
- Eldred, Edward John Henry, National Provincial Bank of England, Limited, Ipswich
- Eliot, Henry Augustus, Bank of England, E.C.
- Elkington, Fred, Messrs. Garst, Claydon & Co., Boston
- Herbert Ridsdale, Bank of England,
- Elliott, Robert, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Ellis, Robert Henry, London and South Western Bank, Limited, Park Street, Camden Town, N.W.
- Ells, Dagnall, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.
- Elsden, Herbert Frost, London and County Banking Co., Limited, Upper Street, Islington, N.
- Elsmere, William, National Provincial Bank of England, Limited, Shrewsbury
- Engelheart, Edward Ernest, London and County Banking Co., Limited, Hove, Brighton
- Ensor, Samuel Harry, Birmingham, Dudley and District Banking Co., Limited, Birmingham
- Etheridge, Edward John, London Joint Stock Bank, 5, Princes Street, E.C.
- Etheridge, John, Messrs. Barnetts & Co., 62, Lombard Street, E.C.
- Evans, Arthur Treweek, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Evans, Lloyd, London and Provincial Bank, Limited, Hill Street, Richmond
- Evans, Nicholas Burdwood, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Evans, Rice, National Provincial Bank of England, Limited, Manchester
- Evans, Richard, Manchester and County Bank, Limited, Bolton
- Evans, William, London and Westminster Bank, Limited, 6, Borough High Street, S.E.
- Evans, William James, North and South Wales Bank, Limited, Holywell
- Evans, William Walter, North and South Wales Bank, Limited, Llanfair-Cae-rhiannon, Montgomeryshire
- Evatt, Philip Temple, Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.
- Evison, Samuel, Messrs. Richard Twining & Co., 215, Strand, W.C.
- Fagge, Edmund Lancelot, London and Provincial Bank, Limited, Rochester
- Farhall, Maurice, London and County Banking Co., Limited, Dover
- Farnhill, Samuel, Midland Banking Co., Limited, Haymarket, Sheffield
- Farren William Henry Beckett, Messrs. Glyn & Co., 67, Lombard Street, E.C.
- Fawcett, Albert, London and Yorkshire Bank, Limited, Barnsley
- Fenton, H. C., Bank of New Zealand, Wanganui, N.Z.
- Ferguson, William Samuel, Imperial Ottoman Bank, 26, Throgmorton Street, E.C.
- Ferris, Spencer Augustus James, London and South Western Bank, Limited, Forest Hill, S.E.
- Fidgeon, William, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Finlay, William, Stamford, Spalding and Boston Banking Co., Limited, Bourn

Finley, Henry Thomas Edward, Wilts and Dorset Banking Co., Wimbome  
 Fisher, Frederick, London and Westminster Bank, Limited, 214, High Holborn, W.C.  
 Fisher, Gabriel, National Provincial Bank of England, Limited, Torrington  
 Fisher, Joseph Luke, Messrs. Smith, Payne & Smiths, 1, Lombard Street, E.C.  
 Flack, Frederic William, Manchester and County Bank, Limited, Burnley  
 Fletcher, Grant, The Oldham Joint Stock Bank, Limited, Oldham  
 Forbes, Henry, National Provincial Bank of England, Limited, Worcester  
 Ford, Robert, Bank of New South Wales, 64, Old Broad Street, E.C.  
 Forth, Francis Joseph, Messrs. Beckett & Co., Old Bank, Doncaster  
 Forster, Martin, Bank of England, E.C.  
 Forsyth, Michael Bruce, London and South Western Bank, Limited, 403, Holloway Road, N.  
 Foster, Edmund Alford, Wilts and Dorset Banking Co., Salisbury  
 Foster, William, The Eastern Townships Bank, Sherbrooke, Quebec, Canada  
 Frampton, Edwin, Messrs. T. Ashby & Co. Staines Bank, Staines  
 Francis, Arthur, National Provincial Bank of England, Limited, Hoxton  
 Franks, James Maurice, Messrs. Bacon, Cobbold & Co., Ipswich  
 Freeland, James, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Freeman, James Payne, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.  
 Frith, George Dowdeswell, Lloyd's Banking Co., Limited, Stafford  
 Frith, William, London and Provincial Bank, Limited, Tottenham  
 Frisell, Walter Hugh, B.A., Chartered Bank of India, Australia and China, Hatton Court, Threadneedle Street, E.C.  
 Frost, William, Messrs. Sparrow, Tufnell & Co., Essex Bank, Maldon  
 Frost, William Durant, jun., Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Fulcher, George Pickernell, Worcester City and County Banking Co., Limited, Malvern  
 Gadd, John Harry, London and County Banking Co., Limited, Brighton  
 Garden, Robert, London and Provincial Bank, Limited, 7, Bank Buildings, Lothbury, E.C.  
 Gardner, William George, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Garland, Thomas, Alliance Bank, Limited, Bartholomew Lane, E.C.  
 Gawe, Edward Everett, Bank of England, E.C.  
 Gedney, Richard John, London and Provincial Bank, Limited, Eye, Suffolk  
 George, John, Bank of New South Wales, 64, Old Broad Street, E.C.  
 George, William Brown, Bank of New South Wales, 64, Old Broad Street, E.C.  
 Gibbs, George Firmin, London and County Banking Co., Limited, St. Albans

Gibbs, William Robert Kington, Bank of New South Wales, 64, Old Broad Street, E.C.  
 Gibson, Charles Frederick, Messrs. J. Backhouse & Co., Bishop Auckland  
 Giles, Hammond, National Provincial Bank of England, Limited, Chester  
 Gilfillan, James, Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.  
 Gill, Charles Selby, London and County Banking Co., Limited, Hove, Brighton  
 Gillett, Samuel Walkey, Manchester and Salford Bank, Mosley Street, Manchester.  
 Glanville, William Henry, London and County Banking Co., Limited, Luton  
 Godfrey, William Bulwer Hunt, Bank of England, E.C.  
 Goldman, Frederick, Union Bank of London, 2, Princes Street, E.C.  
 Gomme, Frederick James, City Bank, Limited, Threadneedle Street, E.C.  
 Goodban, Albert George, Messrs. Coutts & Co., 59, Strand, W.C.  
 Goodinge, George Thorp, London and South Western Bank, Limited, 7, Fenchurch Street, E.C.  
 Goody, Alfred Duncan, York City and County Bank Doncaster  
 Goose, Herbert Edward, National Provincial Bank of England, Limited, Middlesborough  
 Gordon, George Bonnie, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Goutly, Henry, Bank of England, E.C.  
 Goward, Rowland Sydney, Stamford, Spalding and Boston Banking Co., Limited, Leicester  
 Grainge, Edward Francis, Mercantile International Bank, Limited, 5, Copthall Buildings, E.C.  
 Grant, Charles, Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Grantham, Ernest Frederic, The Capital and Counties Bank, Limited, Wotton Bassett  
 Grantham, William Wilkinson, Birmingham, Dudley and District Banking Co., Limited, Birmingham  
 Granville, Arthur Richard, Messrs. Henry S. King & Co., 65, Cornhill, E.C.  
 Gray, Nelson Charles, Union Bank of London, Argyll Place, Regent Street, W.  
 Gray, Russell John, London and County Banking Co., Limited, Westow Hill, Upper Norwood  
 Greaves, Walter, Sheffield Union Banking Co. Sheffield  
 Green, George Augustus, The Capital and Counties Bank, Limited, Basingstoke  
 Green, John Hazael, Bank of England, E.C.  
 Greet, Rinaldo Douglas, Worcester City and County Banking Co., Limited, Worcester  
 Greig, William Hutcheson, Land Mortgage Bank of India, Limited, 4, East India Avenue, E.C.  
 Grenfell, Thomas Henry, Imperial Ottoman Bank, 26, Throgmorton Street, E.C.  
 Gresswell, Charles, London and South Western Bank, Limited, Ottery St. Mary  
 Grey, George, Messrs. Glyn & Co., 87 Lombard Street, E.C.



- Griffiths, Thomas Evans, Messrs. Wilkins & Co., Brecon Old Bank, Aberdare
- Griffiths, William, Messrs. Wilkins & Co., Llanelly
- Grigson, Thos. James, London and Provincial Bank, Limited, 7, Bank Buildings, Lothbury, E.C.
- Gruchy, Thomas John, de, Messrs. Abraham de Gruchy & Sons, Jersey
- Grugson, Charles, National Provincial Bank of England, Limited, Upper Street, Islington, N.
- Grundy, George Edward, Manchester and Liverpool District Banking Co., Limited, King Street, Manchester
- Gummer, Fred, Sheffield and Rotherham Banking Co., Limited, Rotherham
- Gurner, Walter, Union Bank of London, Charing Cross, S.W.
- Gurney, William Mollett, National Provincial Bank of England, Limited, Southsea
- Gwyther, Frederick George, Union Bank of London, Argyll Place, Regent Street, W.
- Hackwood, James Edward, Birmingham, Dudley and District Banking Co., Limited, Birmingham
- Hales, Samuel, Bucks and Oxon Union Bank, Limited, Aylesbury
- Hall, John Thomas, Messrs. Leatham, Tew & Co., Wakefield
- Hallett, Marmaduke James, National Provincial Bank of England, Limited, Norwich
- Halliwell, Charles, Messrs. Brooks & Co., 81, Lombard Street, E.C.
- Ham, Charles Richard, Messrs. Smith, Payne & Smiths, 1, Lombard Street, E.C.
- Hamilton, Frederick Walker, Messrs. Henry S. King & Co., 66, Cornhill, E.C.
- Hamilton, James Alexander, London and Yorkshire Bank, Limited, Barnsley
- Handcock, Alfred Hepburn, Wilts and Dorset Banking Co., Salisbury
- Hanna, John C., Bank of New Zealand, Wanganui, N.Z.
- Hanson, Edward, London and County Banking Co., Limited, Maldon, Essex
- Harding, Edward Jackson, National Provincial Bank of England, Limited, Norwich
- Harding, William John, London and County Banking Co., Limited, Greenwich, S.E.
- Harper, Alexander Stewart, Chartered Bank of India, Australia and China, Hatton Court, Threadneedle Street, E.C.
- Harpour, Herbert Augustus, London and Westminster Bank, Limited, 217, Strand, W.C.
- Harrington, Charles Tayler, London and County Banking Co., Limited, Kingston-on-Thames
- Harris, Edward, National Bank of Liverpool, Limited, 14, Cook Street, Liverpool
- Harris, James Edward, London and Provincial Bank, Limited, Rochester
- Harrison, Charles, Messrs. Coutts & Co., 59, Strand, W.C.
- Harrison, John Light, Yorkshire Banking Co., Limited, Bradford
- Harrison, Robert, National Provincial Bank of England, Limited, Darlington
- Harrison, William Woodall, Wilts and Dorset Banking Co., Salisbury
- Harvey, Cecil Allenby, London and County Banking Co., Limited, Windsor
- Hatfield, Charles, London and Westminster Bank, Limited, 1, St. James's Square, S.W.
- Havard, John Thomas, London and Provincial Bank, Limited, Pontypool
- Hawken, George Byrne, London and South Western Bank, Limited, 90 and 92, Bow Road, E.
- Hawkins, Villiers Alwyn Caesar, Hong Kong and Shanghai Banking Corporation, 31, Lombard Street, E.C.
- Hawkins, Frederick Robert, Messrs. McCulloch & Co., 75, Lombard Street, E.C.
- Hawkins, William Isaac, London and County Banking Co., Limited, Dunstable
- Hawksworth, James France, The Manchester and Liverpool District Banking Co., Limited, Nantwich
- Hayes, John Edey, Stamford, Spalding and Boston Banking Company, Limited, Spalding
- Hayman, Alfred George, London and South Western Bank, Limited, 1, Anerley Road, S.E.
- Hayter, Albert, Messrs. Glyn & Co., 67, Lombard Street, E.C.
- Hayward, Edward Hight, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Heathcote, William Charles, Bank of England, E.C.
- Hebblethwaite, Walter, Staffordshire Joint Stock Bank, Limited, Birmingham
- Heffell, Henry Robert, Union Bank of London, 2, Princes Street, E.C.
- Heginbotham, James, Manchester and County Bank, Limited, Stockport
- Henley, Frank, Wilts and Dorset Banking Co., Chard
- Henry, Thomas, National Provincial Bank of England, Limited, Lampeter
- Herbage, William, London and South Western Bank, Limited, 7, Fenchurch Street, E.C.
- Herbert, Charles, Messrs. Glyn & Co., 67, Lombard Street, E.C.
- Hewat, Grayhurst, Bank of New South Wales, 64, Old Broad Street, E.C.
- Hewetson, George Henry, Messrs. Alexanders & Co., Ipswich
- Heys, Richard Theodore, Manchester and Salford Bank, Mosley Street, Manchester
- Hickin, Henry Botvyle, Midland Banking Co., Limited, Market Drayton
- Hill, Charles Pascoe Grenfell, Bank of England, E.C.
- Hill, Frank, Stamford, Spalding and Boston Banking Co., Limited, Peterborough
- Hingston, Edwin Augustus, London and Provincial Bank, Limited, Lewisham Road, S.E.
- Hippisley, George Wyld, London and Westminster Bank, Limited, 4, Stratford Place, Oxford Street W.

Hoddinott, George Dethick, National Bank, 189, High Street, Camden Town, N.W.  
 Hodges, Edwin Howard, National Bank, 189, High Street, Camden Town, N.W.  
 Hodges, William George, Bank of England, E.C.  
 Hodgetts, William, London and Provincial Bank, Limited, Lewisham Road, S.E.  
 Hodgson, Nevil Large, London and County Banking Co., Limited, Bedford  
 Hodgson, Thomas Fairbank, London and County Banking Co., Limited, 21, Lombard Street, E.C.  
 Holbrook, Henry, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Holden, Edward Hopkinson, Manchester and County Bank, Limited, Manchester  
 Holder, James, Messrs. C. de Murrieta & Co., 7, Adams Court, E.C.  
 Holdsworth, Fred, Messrs. Leatham, Tew & Co., Wakefield  
 Holliday, Fortescue William, London and County Banking Co., Limited, Margate  
 Hollingsworth, Henry, London and South Western Bank, Limited, Forest Hill  
 Holmes, George Joseph, Wilts and Dorset Banking Co., Salisbury  
 Holyoake, William, Worcester City and County Banking Co., Limited, Worcester  
 Hooper, Reginald Harry, The Capital and Counties Bank, Limited, 99, Threadneedle Street, E.C.  
 Hopkins, John, Union Bank of London, 2, Princes Street, E.C.  
 Horner, Charles Hedley, National Provincial Bank of England, Limited, Darlington  
 Horner, William, National Provincial Bank of England, Limited, Southsea  
 Hornsby, Harry, North and South Wales Bank, Limited, Ruthin  
 Hoskins, Arthur Winslow, Birmingham, Dudley and District Banking Co., Limited, Birmingham  
 Howard, Frank, London and South Western Bank, Limited, 90 and 92, Bow Road, E.  
 Howell, Francis Buller, Bank of England, E.C.  
 Howie, John, National Bank of Liverpool, Limited, Great Charlotte Street, Liverpool  
 Hudson, Edward Frank, Stamford, Spalding and Boston Banking Co., Limited, Grantham  
 Hudson, William Henry, London and County Banking Co., Limited, 21, Hanover Sq., W.  
 Hughes, Owen Lloyd, National Provincial Bank of England, Limited, Amlwch, Anglesey  
 Hughes, Richard, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.  
 Hughes, William Davies, Parr's Banking Co., Limited, Warrington  
 Hulton, Frederick Charles, Messrs. J. Backhouse & Co., Durham  
 Humphreys, Alexander Borland, Manchester and Liverpool District Banking Co., Limited, Warrington  
 Hunt, Charles, Worcester City and County Banking Company, Limited, Worcester

Hunt, William, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Huntley, Arthur, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.  
 Hurdia, John Henry, Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Hurst, George, London and Westminster Bank, Limited, 6, Borough High Street, S.E.  
 Hurst, Harry Morland, London and Yorkshire Bank, Limited, Sheffield  
 Huson, Arthur, Union Bank of London, 2, Princes Street, E.C.  
 Huson, Charles, Union Bank of London, Holborn Circus, E.C.  
 Hyslop, William, London and County Banking Company, Limited, Petworth, Sussex  
 Inchbold, Robert, Barnaley Banking Company, Barnaley  
 Ingoldby, George Carter, Messrs. Peacock, Handley & Co., Sleaford  
 Jacks, Richard Harry, The Capital and Counties Bank, Limited, Devises  
 Jackson, Edwin, Cumberland Union Banking Company, Limited, Keswick  
 Jackson, Henry, The Leicestershire Banking Company, Limited, Melton Mowbray  
 Jackson, James, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.  
 Jackson, Samuel, Halifax Joint Stock Banking Company, Limited, Halifax  
 Jacob, Henry Alfred, Messrs. J. Backhouse & Co., Bishop Auckland  
 Jacob, Isaac, Messrs. J. Backhouse & Co., Bishop Auckland  
 James, David Howell, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.  
 James, William, Birmingham and Midland Bank, Limited, Birmingham  
 Janion, Edwin Manifold, North and South Wales Bank, Limited, 7, Everton Road, Liverpool  
 Jarrett, Sidney Herbert, London and South Western Bank, Limited, Park Street, Camden Town, N.W.  
 Jeans, James William, National Provincial Bank of England, Limited, Boston  
 Jeans, John, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.  
 Jefferson, Frederick, Messrs. Thomas Barnard & Co., Bedford Bank, Bedford  
 Jeffery, John Giffard, National Provincial Bank of England, Limited, Hanley  
 Jeffery, Thomas George, The Capital and Counties Bank, Limited, Commercial Road, Landport  
 Jenaway, William Joseph, Stamford, Spalding and Boston Banking Company, Limited, Stamford

- Jenkins, Evan, National Provincial Bank of England, Limited, 112, Bishopsgate, E.C.
- Jermyn, Frederick Lubbock, London and South Western Bank, Limited, Bristol
- Johnson, Edward Herbert, Messrs. Gurney's & Co., Norwich
- Johnson, John Burlingham, National Provincial Bank of England, Limited, Norwich
- Johnson, Septimus, National Provincial Bank of England, Limited, Great Yarmouth
- Johnson, William, Staffordshire Joint Stock Bank, Limited, Birmingham
- Johnstone, Daniel, London and County Banking Company, Limited, High Street, Kensington, W.
- Jones, Charles Henry, Messrs. Martin & Co., 68, Lombard Street, E.C.
- Jones, Edward, North and South Wales Bank, Limited, Llanrwst
- Jones, Frederic John George, London and County Banking Company, Limited, Hitchin
- Jones, Humphrey, North and South Wales Bank, Limited, Four Crosses, Merionethshire
- Jones, John Edward, North and South Wales Bank, Limited, Everton Road, Liverpool
- Jones, John Maurice, North and South Wales Bank, Limited, East Branch, Liverpool
- Jones, Lewis Tiddy, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Jones, Shem, North and South Wales Bank, Limited, Portmadoc
- Jones, Sydney, National Provincial Bank of England, Limited, Hereford
- Jones, William, North and South Wales Bank, Limited, Carnarvon
- Jones, William Davies, London and Provincial Bank, Limited, Pontypridd
- Jones, William Henry, Leicestershire Banking Co., Limited, Atherstone
- Jones, William Henry, National Provincial Bank of England, Aberayron
- Jones, William Julian, National Provincial Bank of England, Limited, Bala
- Jones, William Thomas, Lloyds Banking Company, Limited, Old Bank, Dudley
- Jotcham, Thomas Moody, London and County Banking Co., Limited, Huntingdon
- Judd, Daniel Frederic, Bank of New South Wales, 64, Old Broad Street, E.C.
- Kebbell, Edward, London and County Banking Co., Limited, Upper Street, Islington, N.
- Keene, Daniel Thomas, Bank of England, E.C.
- Kelway, Henry Richard, Messrs. Wilkins & Co., Aberdare
- Kenning, Thomas William, Messrs. Glyn & Co., 67, Lombard Street, E.C.
- Konrick, George Cranmer, Birmingham, Dudley and District Banking Co., Limited, Birmingham
- Kerr, John Hamilton, Sheffield Union Bank, Limited, Chesterfield
- Kesteven, Thomas, The Capital and Counties Bank, Limited, Swindon
- Kilner, John Herbert, Manchester and County Bank, Limited, Oldham
- King, Charles Thomas, National Provincial Bank of England, Limited, Middlesbrough
- King, Donald, Messrs. Richard Twining & Co., 215, Strand, W.C.
- King, Gilbert, Bank of New South Wales, Wanganni, N.Z.
- King, Henry John, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.
- King, Richard, Messrs. Henry S. King & Co., 65, Cornhill, E.C.
- Kingdon, William Sottridge, National Provincial Bank of England, Limited, South Molton, Devon
- Kingwell, Robert Webber, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Kinsman, Walter Brodie, Manchester and County Bank, Limited, Manchester
- Kirkland, Robert, 11, Lord Street, Liverpool
- Kitchingman, Walter, Yorkshire Banking Co., Limited, Bradford
- Knott, William Frederick Bestland, Manchester and Liverpool District Banking Co., Limited, Spring Gardens, Manchester
- Ladelle, Sydney, London and County Banking Co., Limited, Ware
- Laidler, Charles, National Provincial Bank of England, Limited, Darlington
- Lamb, Edgar Edmonds, Messrs. Stephens, Blandy & Co., Maidenhead
- Lane, Arthur William, London and County Banking Co., Limited, Newington Butte, S.E.
- Lanc, Percival, Worcester City and County Banking Co., Limited, Worcester
- Langdon, Walter, Union Bank of London, Holborn Circus, E.C.
- Lanyon, Edwin, London and South Western Bank, Limited, 228, Kentish Town Road, N.W.
- Larcombe, James Henry Reader, Bank of England, E.C.
- Loughion, George James, National Bank of Liverpool, Limited, Birkenhead
- Laurie, George Peter Robert, Union Bank of London, Chancery Lane, W.C.
- Lavington, Herbert Evelyn, Wilts and Dorset Banking Co., Salisbury
- Law, John, Sheffield and Rotherham Joint Stock Banking Co., Limited, Rotherham
- Law, William Littlejohn, Bank of New South Wales, 64, Old Broad Street, E.C.
- Lawrence, John, London and County Banking Company, Limited, Luton
- Lawson, Harry Edward, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.
- Lay, Daniel, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.
- Leaker, William Charles, Stuckays Banking Co., Radstock, Bath

Leaver, Thomas, Manchester and County Bank, Limited, Manchester  
 Leech, Farran, Manchester and County Bank, Limited, Eccles  
 Leeds, Edward, Stamford, Spalding and Boston Banking Co., Limited, Spalding  
 Lees, Ebenezer Antony, Staffordshire Joint Stock Bank, Limited, Birmingham  
 Lees, John Thornburn, Cumberland Union Banking Co., Limited, Carlisle  
 Leitch, James Michie, Standard Bank of British South Africa, Limited, 10, Clement's Lane, E.C.  
 LeMaitre, Frederic Philip, Messrs. Barnetts & Co., 60 & 62, Lombard Street, E.C.  
 Lenn, Henry Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Lewin, William John, Messrs. Glyn & Co., 57, Lombard Street, E.C.  
 Lewis, Arthur Pollard, London and Provincial Bank, Limited, Neath  
 Lewis, Daniel Lloyd, National Provincial Bank of England, Limited, Carmarthen  
 Lewis, David Robert, London and Provincial Bank, Limited, Rochester  
 Lewis, Henry Arnold, Gloucestershire Banking Co., Limited, Cheltenham  
 Lewis, John Spare, Messrs. Miles, Cave, Baillie & Co., Bristol  
 Lightburn, Frank Adams, Parr's Banking Co., Limited, Widnes  
 Lillingston, Charles, National Provincial Bank of England, Limited, 218, Upper Street, Islington, N  
 Lindsay, Joseph Wilson, London and County Banking Co., Limited, Reading  
 Liscombe, John, London and South Western Bank, Limited, 7, Fenchurch Street, E.C.  
 Little, James, British Linen Co. Bank, 41, Lombard Street, E.C.  
 Livingstone, James, London and County Banking Co., Limited, 1, Connaught Street, Paddington, W.  
 Lloyd, William Hellings, National Provincial Bank of England, Limited, Tiverton  
 Loney, William, National Provincial Bank of England, Limited, Stoke-upon-Trent  
 Long, John Frederick, London and County Banking Co., Limited, Upper Street, Islington, N.  
 Lord, James Alfred, Manchester and County Bank, Limited, Bacup  
 Lett, Junior, Edward Darby, Bank of England, E.C.  
 Lovelock, Edward Herbert, London and County Banking Co., Limited, Bedford  
 Lowder, Henry Molyneux, Birmingham, Dudley, and District Banking Co., Limited, West Bromwich  
 Lush, James Edmund, London and Westminster Bank, Limited, 4, Stratford Place, Oxford Street, W  
 Lyon, Edward, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.  
 Lyon, Frederic George, London and County Banking Co., Limited, Hastings  
 Lyte, Alfred Owen, The Capital and Counties Bank, Limited, Winchester

Macara, Alexander, National Provincial Bank of England, Limited, Darlington  
 Macbean, Hew Arthur, Chartered Bank of India, Australia and China, Hatton Court, Threadneedle Street, E.C.  
 McCall, Malcolm, British Linen Co. Bank, 41, Lombard Street, E.C.  
 Macdowall, Walter James, Rochdale Joint Stock Bank, Limited, Rochdale  
 Mackay, George Alexander, Bank of New Zealand, 1, Queen Victoria Street, E.C.  
 McKellar, Dingwall, London and South Western Bank, Limited, 403, Holloway Road, N.  
 McKie, Charles Frederick, Oriental Bank Corporation, 40, Threadneedle Street, E.C.  
 MacLaren, John, Birmingham, Dudley & District Banking Co., Limited, Birmingham  
 Maclean, C. H., Bank of New Zealand, Foxton, Wellington, N.Z.  
 MacMahon, Frederick Henry, The National Bank, 13, Old Broad Street, E.C.  
 McMaster, William, Messrs. Bacon, Cobbold & Co., Ipswich  
 Macphail, Charles Stuart, Bank of Africa, Limited, Cradock, Cape of Good Hope, South Africa  
 Manly, Robert, Messrs. McCulloch & Co., 75, Lombard Street, E.C.  
 Mann, William Charles, Messrs. J. Mortlock & Co., Ely  
 Manners, John, National Provincial Bank of England, Limited, Hereford  
 Marman, Alfred Jameson, Birmingham, Dudley and District Banking Co., Limited, Birmingham  
 Marsh, John Herbert, Sheffield Union Banking Company, Sheffield  
 Marshall, Cecil William Sawyer, Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Marshall, Charles, Stamford, Spalding and Boston Banking Company, Limited, Sleaford  
 Marshall, Frederick Charles, National Provincial Bank of England, Limited, 88, Brompton Road, W.  
 Martin, Arthur George, Messrs. Smith, Payne and Smiths, 1, Lombard Street, E.C.  
 Martin, Philip George, Messrs. Brooks & Co., 81, Lombard Street, E.C.  
 Martyn, James Frederick, The Helston and District Bank, Helston, Cornwall  
 Mathias, John, London and Provincial Bank, Limited, Aberdeen  
 Matthews, William Wynn, North and South Wales Bank, Limited, Carnarvon  
 Mathieson, J. W., Bank of New Zealand, Wanganui, N.Z.  
 Mayo, Samuel, National Provincial Bank of England, Limited, Peterborough  
 McIlwin, Walter, London and County Banking Co., Limited, Newington Butte, S.E.  
 Meek, James, Messrs. Charles Hopkinson & Sons, 3, Regent Street, St. James's, S.W.  
 Mennie, James Chapman, Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.  
 Menzie, John, Oriental Bank Corporation, 40, Threadneedle Street, E.C.  
 Mercer, John, The National Bank, 13, Old Broad Street, E.C.

- Metford, Edward Seymour, National Provincial Bank of England, Limited, Clifton
- Meyrick, George, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Milburne, John George Curry, National Provincial Bank of England, Limited, Middlesborough
- Millar, David, Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.
- Miller, James Vincent, Messrs. Henry S. King & Co., 65, Cornhill, E.C.
- Miller, William Haig, National Provincial Bank of England, Limited, 112, Bishopsgate Street E.C.
- Mills, George Alfred, Messrs. Richard Twining & Co., 215, Strand, W.C.
- Milner, Christopher Shepherd, North and South Wales Bank, Limited, Rodney Branch, Liverpool
- Mitchell, John Duncomb, London and County Banking Co., Limited, Kingston-on-Thames
- Mitford, C. H., Bank of New Zealand, Auckland, N.Z.
- Mobbs, William Shakespeare, Alliance Bank, Limited, Bartholomew Lane, E.C.
- Molyneux, William, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Monday, Henry, Union Bank of London, 2, Princes Street, E.C.
- Montague, James, London and County Banking Co., Limited, High Street, Kensington, W.
- Moore, Charles William, General Credit and Discount Co., Limited, 7, Lothbury, E.C.
- Moore, George William, Hongkong and Shanghai Banking Corporation, 31, Lombard Street, E.C.
- Morgan, Alfred Raphael, National Bank of Liverpool, Limited, 14, Cook Street, Liverpool
- Morgan, Edward, North and South Wales Bank, Limited, Portmadoc
- Morgan, Francis Charles, Messrs. Glyn & Co., 67, Lombard Street, E.C.
- Morris, Edwin Charles, London and County Banking Co., Limited, Brighton
- Morris, William Thomas, Bucks and Oxon Union Bank, Limited, Thame
- Morrison, Richard, Moore and Robinson's Nottinghamshire Banking Co., Limited, Wirksworth, Derbyshire
- Mosely, Henry, Central Bank of London, Limited, 110, High Street, Whitechapel, E.
- Moss, William, Union Bank of Manchester, Limited, Northwich
- Mossop, John, London and South Western Bank Limited, Wandsworth, S.W.
- Mothersdale, John, National Provincial Bank of England, Limited, Shaftesbury
- Mount, Henry John, Messrs. Stephens, Blandy & Co., Maidenhead
- Mullins, William, Messrs. Glyn & Co., 67, Lombard Street, E.C.
- Mundy, George Bailey, Wilts and Dorset Banking Co., Warminster
- Mundy, Frank, Wilts and Dorset Banking Co., Salisbury
- Munro, John, Messrs. Wilkins & Co., Haverfordwest
- Murray, Henry Petty Pilkington, National Provincial Bank of England, Limited, Dartmouth
- Musgrave, Horace Gambier, The Capital and Counties Bank, Limited, Calne
- Nares, James, The Leicestershire Banking Co., Limited, Melton Mowbray
- Nash, Charles, Gloucestershire Banking Co., Limited, Newent
- Nash, William John, Messrs. Henry S. King & Co., 65, Cornhill, E.C.
- Nation, Edward B., National Bank of New Zealand, Wanganui, N.Z.
- Nelson, Robert Peel, Union Bank of London, Argyll Place, Regent Street, W.
- Nevinson, Henry, Stamford, Spalding and Boston Banking Co., Limited, Uppingham
- Newcomb, Henry Mansfield, Worcester City and County Banking Co., Limited, Atherstone
- Newcomb, Henry Thomas, Messrs. C. de Murrieta & Co., 7, Adam's Court, E.C.
- Newcomb, Walter, London and County Banking Co., Limited, Deptford, S.E.
- Nicholls, Richard, National Provincial Bank of England, Limited, Stone, Staffordshire
- Nicholls, Thomas Henry, National Provincial Bank of England, Limited, Guisborough
- Nichols, Charles Alfred, London and County Banking Co., Limited, High Street, Kensington, W.
- Nichols, John Henry, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.
- Nichols, Joseph, Lloyd's Banking Co., Limited, Ann Street, Birmingham
- Nicholson, Joseph Collinson, Hongkong and Shanghai Banking Corporation, 31, Lombard Street, E.C.
- Nicholson, William Augustus, Messrs. Gurneys and Co., Norwich
- Nicklin, Edward, National Provincial Bank of England, Limited, Ipswich
- Niven, George, Queensland National Bank, Limited, 50, Old Broad Street, E.C.
- Nilvison, Robert, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Noakes, Edward James, Messrs. Glyn & Co., 67, Lombard Street, E.C.
- Norman, Frederick, London and South Western Bank, Limited, 30, North End, Croydon
- Novis, Arthur Douglas, London and Provincial Bank, Limited, 6, Commerce Terrace, Tottenham, N.
- Nuttall, Thomas William, Union Bank of Manchester, Limited, Bolton
- Ogg, Walter John, Messrs. Roche, Eyton & Co., Old Bank, Shrewsbury
- Old, George Frederick, Birmingham, Dudley, and District Banking Co., Limited, Birmingham
- Oliver, Alfred Overton, London and County Banking Co., Limited, 21, Hanover Square, W.

Oliver, Harry, London and South Western Bank, Limited, High Street, Hampstead N.  
 Osbiston, Robert, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Osborne, Frank Combe, Union Bank of London, 2, Princes Street, E.C.  
 Ostrehan, John Elliott Duncan, Bucks and Oxon Union Bank, Limited, Aylesbury  
 Owen, Hugh, National Provincial Bank of England, Limited, Lampeter  
 Owen, Thomas, National Provincial Bank of England, Limited, 112, Bishopsgate St., E.C.

Pace, Piercy John, Midland Banking Co., Limited, Market Drayton.  
 Pappadakis, Demetrius, General Credit and Discount Co., Limited, 7, Lothbury, E.C.  
 Pargeter, Thomas, London and County Banking Co., Limited, Borough High Street, S.E.  
 Parker, Edward Marshall, Midland Banking Co., Limited, Knighton, Radnorshire  
 Parkhouse, Charles Edward, London and South Western Bank, Limited, 250, Camberwell Road, S.E.  
 Parkhouse, William Theodore, London and South Western Bank, Limited, Bermondsey, S.E.  
 Parkin, Thomas Cresswell, London and Yorkshire Bank, Limited, Sheffield  
 Parris, William Richard, Messrs. Glyn & Co., 67, Lombard Street, E.C.  
 Parrott, Samuel, Land Mortgage Bank of India, Limited, 4, East India Avenue, E.C.  
 Parsons, Samuel Goodhind, Messrs. Miles, Cave, Baillie & Co., Bristol  
 Paterson, William, Standard Bank of British South Africa, Limited, 10, Clement's Lane, E.C.  
 Pawlett, Edmund, London and County Banking Company, Limited, Petworth, Sussex  
 Payne, Edward, National Provincial Bank of England, Limited, Portsea  
 Payne, Robert R. Fife, Union Bank of London, 2, Princes Street, E.C.  
 Payne, Walter Frederick, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.  
 Payne, William, National Provincial Bank of England, Limited, Portsea  
 Peacock, John, Worcester City and County Banking Co., Limited, Ludlow  
 Pearmain, William Bowyer, Messrs. Barclay & Co., 64, Lombard Street, E.C.  
 Pears, Alfred, Stamford, Spalding, and Boston Banking Company, Limited, Peterborough  
 Pearce, George Wingate Chernoche, Birmingham, Dudley, and District Banking Company, Limited, Birmingham  
 Pearson, Henry, Union Bank of Manchester, Limited, Bolton  
 Peele, James, Bank of New Zealand, Rangiora, Canterbury, N.Z.  
 Penfold, Harold, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Penny, Edmund Beechworth, London and County Banking Co., Limited, Banbury

Pennyfeather, William, London and County Banking Co., Limited, Richmond, Surrey  
 Percival, John Baron, Stamford, Spalding and Boston Banking Co., Limited, Northampton  
 Perkins, Edwin Walter, Alliance Bank, Limited, Bartholomew Lane, E.C.  
 Perks, Robert Bright, National Provincial Bank of England, Limited, Worcester.  
 Perrott, Joseph Denston, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.  
 Phillips, Horatio Alfred, Messrs. Coutts & Co., 59, Strand, W.C.  
 Phillips, John Mallam, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.  
 Pickard, William Henry, London and Westminster Bank, Limited, 214, High Holborn, W.C.  
 Pike, Arthur Wellesley, Bank of England, E.C.  
 Pilkington, Reginald, Messrs. Cooper, Purton & Sons, Bridgnorth  
 Pilleau, Arthur William, Messrs. Coutts & Co., 59, Strand, W.C.  
 Pitt, Robert Fowler, London and County Banking Co., Limited, Newington Butts, S.E.  
 Player, Charlie Matthews, Messrs. Richard Twining & Co., 215, Strand, W.C.  
 Plomer, George Daniel, London and South Western Bank, Limited, Wellington Road, St. John's Wood, N.W.  
 Porter, Edward William, Birmingham, Dudley and District Banking Company, Limited, Birmingham  
 Porter, William, Messrs. Garfit, Claypon & Co., Boston  
 Potter, Herbert, London and South Western Bank, Limited, 7, Fenchurch Street, E.C.  
 Powell, Henry, Worcester City and County Banking Co., Limited, Bromsgrove  
 Powell, Thomas Sykes, Manchester and County Bank, Limited, Manchester  
 Poynter, Ebenezer Davies, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Proctor, Herbert Edmund, Staffordshire Joint Stock Bank, Limited, Hednesford  
 Prytherch, John, London and Provincial Bank, Limited, Pontypridd  
 Pugh, James Rees, National Provincial Bank of England, Limited, Darlington

Quelch, Francis William, London and County Banking Co., Limited, Epsom

Rabbeth, John Edward, Messrs. Coutts & Co., 59, Strand, W.C.  
 Ranson, Edward, London and County Banking Co., Limited, Winchester  
 Ray, William David, jun., London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Read, James, London and County Banking Co., Limited, Horsham  
 Read, John, Messrs. Gurneys & Co., Ely  
 Read, William, Messrs. Gurneys, Birkbeck & Co.; Beccles

- Redman, Prior William, London and South Western Bank, Limited, Peckham, S.E.
- Reed, Edward George, National Provincial Bank of England, Limited, Bristol
- Reed, John, National Bank of Liverpool, Limited, 14, Cook Street, Liverpool
- Rees, Edward Lee, North and South Wales Bank, Limited, Corwen
- Reeves, William, Lloyds' Banking Co., Limited, Ann Street, Birmingham
- Reid, Arthur, London and Westminster Bank, Limited, 217, Strand, W.C.
- Relton, Charles James, Bank of New South Wales, 64, Old Broad Street, E.C.
- Rey, Barthélemy Marc, 29 Rue Taibout, Paris
- Reynolds, Alfred Samuel Henry, National Provincial Bank of England, Limited, Stoke-on-Trent
- Rhodes, William, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Rich, Sidney Henry, National Provincial Bank of England, Limited, Middlesborough
- Richards, Samuel Havelock, Messrs. Wilkins & Co., Llanelly
- Richards, William Lewis, Stamford, Spalding and Boston Banking Co., Limited, Uppingham
- Richards, William Richard, Messrs. Wilkins & Co., Brecon Old Bank, Aberdare
- Richardson, Edward Walker, Messrs. Barclay & Co., 64, Lombard Street, E.C.
- Richardson, Henry, Messrs. Leatham, Tew & Co., Wakefield
- Riches, William Frederick, Messrs. Coutts & Co., 59, Strand, W.C.
- Ridgway, Edward Bethell, London and Provincial Bank, Limited Chatham
- Rigg, Hugh Arthur, London and Westminster Bank, Limited, 1, St. James's Square, S.W.
- Riley, James Arthur, London and Yorkshire Bank, Limited, Halifax
- Rimell, George Henry, London and County Banking Co., Limited, 21, Hanover Square, W.
- Ritchie, Robert, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.
- Robbs, John William, Stamford, Spalding and Boston Banking Co., Limited, Northampton
- Roberts, Evan Morris, Messrs. Pugh, Jones & Co., Llangefni
- Roberts, Edward Samuel, North and South Wales Bank, Limited, Everton Road, Liverpool
- Roberts, Robert, North and South Wales Bank, Limited, Portmadoc
- Robertson, Charles Henry, National Provincial Bank of England, Limited, Great Yarmouth
- Robertson, Douglas Hardwicke, Bank of New Zealand, 1, Queen Victoria Street, E.C.
- Robertson, Robert, Union Bank of London, 2, Princes Street, E.C.
- Robertson, William, Imperial Ottoman Bank, 26, Throgmorton Street, E.C.
- Robey, Josiah Gordon, National Provincial Bank of England, Limited, Birmingham
- Robinson, Frederic James, Messrs. Goalings & Sharpe, 19, Fleet Street, E.C.
- Robinson, Henry, Messrs. Leatham, Tew & Co., Wakefield
- Robinson Walter, Parr's Banking Company Limited, Warrington
- Robison, Gavin Fullerton, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Roden, Arnold Albert, National Provincial Bank of England, Limited, Guisborough
- Roe, John, London and Provincial Bank, Limited, Twickenham
- Rogers, Alfred Clarence, National Provincial Bank of England, Limited, Wisbech, Cambridgeshire
- Rogers, George William, London and County Banking Company, Limited, Borough High Street, S.E.
- Rogers, John, Whitechurch and Ellesmere Banking Co., Limited, Whitechurch
- Ronald, John Stewart, Messrs. Coutts & Co., 59, Strand, W.C.
- Ronalds, F., Bank of New Zealand, Lyttleton, Canterbury, N.Z.
- Rose, Frank William, The Capital and Counties Bank, Limited, 39, Threadneedle Street, E.C.
- Rose, John, Union Bank of London, Chancery Lane, W.C.
- Ross, Kenneth Douglas, Messrs. Coutts & Co., 59, Strand, W.C.
- Rowe, William Ellis, London and County Banking Co., Limited, Hastings
- Rowell, George, National Provincial Bank of England, Limited, Norwich
- Rowett, Henry Lee, Hong Kong and Shanghai Banking Corporation, 31, Lombard Street, E.C.
- Rowlands, Peter Henry, National Provincial Bank of England, Limited, Narberth
- Ruess, Louis Jesse, London and County Banking Co., Limited, Newington Butts, S.E.
- Burton, Andrew David, Standard Bank of British South Africa, Limited, Port Elizabeth, Cape of Good Hope.
- Ryton, William John, Messrs. Charles Hopkinson & Sons, 8, Regent Street, St. James's, S.W.
- Sabine, John, Union Bank of London, Chancery Lane, W.C.
- Sadler, Herbert Edgar, Messrs. Smith, Payne, & Smiths, 1, Lombard Street, E.C.
- Salmon, William Randall, London and County Banking Co., Limited, Deptford, S.E.
- Salt, Cecil Henry, Union Bank of London, 2, Princes Street, E.C.
- Sanders, George, Bank of England, E.C.
- Sanderson, George Russell, Imperial Ottoman Bank, 26, Throgmorton Street, E.C.
- Sandison, Alexander, Bank of New South Wales, 64, Old Broad Street, E.C.
- Sansom, Walter John, London and County Banking Co., Limited, Upper Street, Islington.
- Sargent, George, Messrs. Sparrow, Tufnell & Co. Essex Bank, Halstead

Sargent, George Ross, Messrs. Barnett & Co.,  
62, Lombard Street, E.C.  
Savage, Hugh, National Provincial Bank of Eng-  
land, Limited, Beaumaris  
Saville, John James Walker, London and York-  
shire Bank, Limited, Leeds  
Schofield, Robert, National Provincial Bank of  
England, Limited, 112, Bishopsgate Street,  
E.C.  
Scobie, John Alexander Mackay, National Pro-  
vincial Bank of England, Limited, Aber-  
gavenny  
Scott, John Fairbairn, Bank of New Zealand, 1,  
Queen Victoria Street, E.C.  
Scrivener, Thomas Alfred, London and South  
Western Bank, Limited, 275, Brixton  
Road, S.W.  
Sealy, Francis Edmund, National Provincial  
Bank of England, Limited, Guisborough  
Sealy, William Drake, Colonial Bank, Barba-  
does, West Indies  
Seaman, Frederick Bentfield, Union Bank of  
London, Holborn Circus, E.C.  
Searle, Charles, Standard Bank of British South  
Africa, Limited, 10, Clement's Lane,  
E.C.  
Seddon, Sylvester, Manchester and County Bank,  
Limited, Bolton  
Selby, Arthur Wallace, Messrs. Brooks & Co.,  
81, Lombard Street, E.C.  
Selby, Lealie, London and County Banking Co.,  
Limited, 48, Sussex Place, Queen's Gate,  
S.W.  
Selman, Alfred, Messrs. Barclay & Co., 54, Lom-  
bard Street, E.C.  
Selves, Samuel Herbert, Mercantile International  
Bank, Limited, 5, Copthall Buildings, E.C.  
Seymour, Charles John Warren, National Pro-  
vincial Bank of England, Limited, Exeter  
Shaboe, Richard, London Joint Stock Bank, 28,  
Borough High Street, S.E.  
Shapland, William George, National Provincial  
Bank of England, Limited, Norwich  
Sharp, Charles Seward, Messrs. Barclay & Co.,  
54, Lombard Street, E.C.  
Shaw, John, Union Bank of London, Chancery  
Lane, W.C.  
Shepherd, John, London and South Western  
Bank, Limited, 275, Brixton Road, S.W.  
Sheppard, Augustus, The Capital and Counties  
Bank, Limited, Winchester  
Sheppard, Edwin Francis, Manchester and  
County Bank, Limited, Manchester  
Sheppard, Henry, Birmingham Banking Co.,  
Limited, Stratford-on-Avon  
Sherris, John Foster, Messrs. Smith, Payne  
and Smiths, 1, Lombard Street, E.C.  
Shilcock, Robert Munton, Stamford, Spalding  
and Boston Banking Co., Limited, Boston  
Short, Frederick Thomas, Union Bank of Lon-  
don, 2, Princes Street, E.C.  
Shooter, Hamilton Beams, London and West-  
minster Bank, Limited, 41, Lothbury,  
E.C.  
Simpson, Joseph Henry, The Capital and Coun-  
ties Bank, Limited, Bristol  
Simpson, Thomas, Messrs. Gurney's & Co., Stow-  
market

Singleton, Samuel, York Union Banking Co.,  
Pocklington  
Skinner, Edward George, London and County  
Banking Company, Limited, Bank Build-  
ings, Westow Hill, Upper Norwood  
Skinner, Thomas Henry, Messrs. Peacock, Hand-  
ley & Co., Sleaford  
Smeed, Alfred, City Bank, Limited, 34, Old  
Bond Street, W.  
Smeeton, Arthur Butlin, London & County  
Banking Co., Limited, Midhurst  
Smeeton, Robert Howe, Messrs. Lacy, Hartland,  
Woodbridge & Co., 60, West Smithfield,  
E.C.  
Smith, Alfred, Bank of New Zealand, Wans-  
ganni, N.Z.  
Smith, Alfred, Manchester and County Bank,  
Limited, Bolton  
Smith, Algernon Morton, The National Bank of  
Wales, Limited, Aberdare  
Smith, Arthur William, London and County  
Banking Co., Limited, Hove, Brighton  
Smith, Ben, Messrs. Smith, Payne and Smith,  
1, Lombard Street, E.C.  
Smith, Charles Woodman, Alliance Bank,  
Limited, Bartholomew Lane, E.C.  
Smith, Charles, Bank of New Zealand, Wan-  
ganni, N.Z.  
Smith, David, London and Provincial Bank,  
Limited, 7, Bank Buildings, Lothbury,  
E.C.  
Smith, Edward Joseph, National Provincial  
Bank of England, Limited, Wimborne  
Smith, Edward Walpole, London and County  
Banking Co., Limited, High Street,  
Kensington, W.  
Smith, Francis Richardson, York City and  
County Bank, Selby  
Smith, Frederick Brabant, Messrs. Glyn & Co.  
67, Lombard Street, E.C.  
Smith, John Richard, National Provincial  
Bank of England, Limited, Ledbury  
Smith, James Thomas, Messrs. Williams & Co.,  
Bangor  
Smith, R. Wordsworth, F. Z. S., London and  
Westminster Bank, Limited, 41, Lothbury,  
E.C.  
Smith, Thomas, Manchester and County Bank,  
Limited, Manchester  
Smith, William Charles, Northern Banking  
Co., Mohill, Co. Leitrim  
Smith, William Edward, Messrs. Bosanquet,  
Salt & Co., 78, Lombard Street, E.C.  
Smith, William Henry, York City and County  
Bank, Selby  
Snell, Walter Thomas, London and South  
Western Bank, Limited, High Street, High-  
gate, N.  
Southcombe, Lewis, Wilts and Dorset Banking  
Company, Bristol  
Southern, John Wollaston, Messrs. Roche,  
Eytun & Co., The Old Bank, Ludlow  
Spelman, William, Union Bank of London,  
Chancery Lane, W.C.  
Spencer, Charles Frederic Beechey, Messrs.  
Sparrow, Tufnell & Co., Essex Bank, Hal-  
stead  
Spencer, Louis, Sheffield Union Banking Co.,  
Sheffield



- Spong, Henry Brookes, Cheque Bank, Limited, 124, Cannon Street, E.C.
- Spurgeon, George Hughes, Messrs. Sparrow, Tufnell & Co., Essex Bank, Chelmsford
- Stanbrook, John Samuel William, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.
- Stanbury, Samuel Arthur, London and South Western Bank, Limited, Wimbledon
- Stancomb, Theodore Murly, Stuckey's Banking Co., Crewkerne
- Staniland, William, Jun., Yorkshire Banking Company, Limited, Selby
- Stanley, Frederick Ernest, London and South Western Bank, Limited, Park Street, Camden Town, N.W.
- Stebbings, George, Messrs. Gurney's & Co., Harleston, Norfolk
- Steele, Thomas, Bank of New Zealand, Wanganui, N.Z.
- Steel, William Anderson, Bank of England, E.C.
- Stevens, James, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Steiger, Albert Alexander de, Bank of England, E.C.
- Stent, Henry Elkington, Union Bank of London, Chancery Lane, W.C.
- Stephen, Griffith John, North and South Wales Bank, Limited, Wrexham
- Stephens, Joseph Curtis, Union Bank of London, Chancery Lane, W.C.
- Stephenson, William George, Manchester and Liverpool District Banking Co., Limited, Stafford
- Stevens, Francis Warburton, Messrs. Coutts & Co., 59, Strand, W.C.
- Stevens, Harry, Union Bank of London, 2, Princes Street, E.C.
- Stevenson, George, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Stewart, Andrew, Royal Bank of Scotland, 124, Bishopsgate Street Within, E.C.
- Stewart, Edward, British Linen Co. Bank, 41, Lombard Street, E.C.
- Stiles, Walter, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Stokes, Charles Berners, Worcester City and County Banking Co., Limited, Worcester
- Stone, Frederick William, Union Bank of London, 2, Princes Street, E.C.
- Stone, James Bell, London and County Banking Co., Limited, 324 & 325, High Holborn, W.C.
- Storey, Reuben Robert, National Provincial Bank of England, Limited, Cardigan
- Stott, Charles John, Messrs. Henty & Co., Horsham
- Stott, David George, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.
- Strachan, James Donaldson, Union Bank of London, 2, Princes Street, E.C.
- Stranger, James Hamlyn, Union Bank of Manchester, Limited, Farnworth.
- Strudwick, Edward James, Messrs. Henry S. King & Co., 45, Pall Mall, S.W.
- Strudwick, William Thomas, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Stuart, Edward Messer, Chartered Bank of India, Australia and China, Hatton Court, Threadneedle Street, E.C.
- Stubberfield, James William, City Bank, Limited, Lowndes Terrace, Knightsbridge
- Stubberfield, John Thomas, Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.
- Stuckey, Richard Edwin, London and Provincial Bank, Limited, Eastbourne
- Swann, Charles William, Stamford, Spalding and Boston Banking Company, Limited, Leicester
- Sydenham, John Arthur Aylmer, London and Westminster Bank, Limited, 41, Lothbury, E.C.
- Syms, Frederick Hardy, London and County Banking Co., Limited, Hastings
- Syms, George William, Standard Bank of British South Africa, Limited, 10, Clement's Lane, E.C.
- Syms, John Edwin, Standard Bank of British South Africa, Limited, 10 Clement's Lane, E.C.
- Talbot, Robert Tebbit, Bank of England, E.C.
- Tapp, Philip William, National Provincial Bank of England, Limited, Hanley
- Tarras, James Torrie, Messrs. Glyn & Co. 67 Lombard Street, E.C.
- Taylor, Alfred Thomas, Messrs. Stephens, Blandy & Co., Maidenhead
- Taylor, James, Stuckey's Banking Co., Frome
- Taylor, John, National Provincial Bank of England, Limited, Great Yarmouth
- Taylor, Richard Cable, Birmingham, Dudley and District Banking Company, Limited, Birmingham
- Taylor, Samuel, Sheffield and Rotherham Joint Stock Banking Co., Limited, Buxton
- Tealby, Abingdon Joseph, London and County Banking Co., Limited, 3, Victoria Street, Westminster, S.W.
- Teed, Samuel Litherland, Bank of England, E.C.
- Tegetmeier, Charles George, Bank of New Zealand, 1, Queen Victoria Street, E.C.
- Terry, John Charles Hugh, London and Provincial Bank, Limited, Ruthin
- Thackray, William Walker, Birmingham, Dudley and District Banking Co., Limited, Birmingham
- Thomas, Henry John, London and County Banking Co., Limited, Maidstone
- Thomas, Jesse Lambly, London and Provincial Bank, Limited, 7, Bank Buildings, Lothbury, E.C.
- Thomas, Leopold Ernest, London and Yorkshire Bank, Limited, 7, Draper's Gardens, E.C.
- Thomas, Richard, National Provincial Bank of England, Limited, Chester
- Thomas, Saville Bartlett, London and South Western Bank, Limited, Station Road, South Norwood, S.E.
- Thomas, Thomas, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Thompson, Alfred Cam, Stamford, Spalding and Boston Banking Co., Limited, Stamford
- Thompson, Alphaus, London and County Banking Co., Limited, Upper Street, Islington, N.

Thompson, John William, London and Yorkshire Banking Co., Limited, Doncaster  
 Thompson, Robert Robertson, London and County Banking Company, Limited, Newton Butts, S.E.  
 Thomson, Alexander Frederick, London and Westminster Bank, Limited, 4, Stratford Place, Oxford Street, W.  
 Thomson, Thomas, Birmingham Banking Co., Limited, Kidderminster  
 Timmis, Edward, Manchester, Liverpool and District Banking Co., Limited, Rochdale  
 Timmis, Francis John, Whitechurch and Ellesmere Banking Co., Limited, Whitechurch Salop  
 Timmis, Leonard, National Provincial Bank of England, Limited, Hanley  
 Timpson, George Ernest, Messrs. Martin & Co., 68, Lombard Street, E.C.  
 Tobitt, George Thomas, Union Bank of Australia, Limited, 1, Bank Buildings, Lothbury, E.C.  
 Tod, David Dougall, Union Bank of London, Chancery Lane, W.C.  
 Tomkins, Francis Noel, National Provincial Bank of England, Limited, Carey Street, Lincoln's Inn, W.C.  
 Topple, Edwin Arthur, London and County Banking Co., Limited, Hove, Brighton  
 Tordiffe, Edward Wolferstan, London and County Banking Co., Limited, St. Albans  
 Trant, Thomas, Messrs. Charles Hopkinson & Son, 3, Regent Street, St. James's, S.W.  
 Trotter, George, Midland Banking Co., Limited, Sheffield  
 Trower, Albert George, London and South Western Bank, Limited, 7, Fenchurch Street, E.C.  
 Trower, William, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.  
 Trueman, Thomas Kelcey, Union Bank of London, 2, Princes Street, E.C.  
 Tuck, Cyril Claude, Messrs. Oaks, Bevan & Co., Stowmarket, Suffolk  
 Tucker, Henry Edward, London and South Western Bank, Limited, The Broadway, Ealing, W.  
 Tuckfield, James Duncan, London and County Banking Co., Limited, Greenwich, S.E.  
 Tuft, Edward, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.  
 Turner, John Digby, London and County Banking Co., Limited, Borough High Street, S.E.  
 Turner, William, National Provincial Bank of England, Limited, Lowestoft  
 Tweddle, William Goodfellow, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.  
 Tyson, William Benjamin, German Bank of London, Limited, Bartholomew Lane, E.C.  
 Upton, Gerald Francis, Lloyd's Banking Co., Limited, Burton-on-Trent  
 Utting, Charles Spelman, Messrs. Gurney's & Co., Norwich.

Vincent, William, Messrs. Williams & Co., Old Bank, Chester  
 Vining, James, Bank of England, E.C.  
 Walker, Alfred William, London and South Western Bank, Limited, Notting Hill, W.  
 Walker, Arthur George Richard, London and County Banking Co., Limited, High Street, Kensington, W.  
 Walker, James Bain, Manchester and Liverpool District Banking Co., Limited, Southport  
 Walker, James Buchanan, Standard Bank of British South Africa, Limited, 10, Clement's Lane, E.C.  
 Walker, John, London and County Banking Company, Limited, Borough High Street, S.E.  
 Walker, Reginald Graham, Manchester and Liverpool District Banking Co., Limited, Hanley  
 Wallace, George Wilson, Colonial Bank of New Zealand, 13, Moorgate Street, E.C.  
 Wallis, Alfred, London and South Western Bank, Limited, 368, Commercial Road, Stepney, E.  
 Walsh, William Robert, Staffordshire Joint Stock Bank, Limited, Birmingham  
 Walters, Martin Robinson, Bank of England, E.C.  
 Watkins, David, Messrs. Smith, Payne and Smiths, 1, Lombard Street, E.C.  
 Watkins, Jonah, Messrs. David Jones & Co., The Bank, Ilford  
 Watson, Francis Robinson, The Bank of Bolton, Limited, Bolton  
 Watson, Thomas Henry, Sheffield Union Banking Co., Sheffield  
 Weatherhead, John, Birmingham, Dudley and District Banking Company, Limited, Birmingham  
 Weaver, Charles, Stuckey's Banking Co., Chard  
 Weaver, James Frederick, Messrs. Glyn & Co., 67, Lombard Street, E.C.  
 Webb, John Racker, Messrs. Roberts, Lubbock & Co., 15, Lombard Street, E.C.  
 Webb, Thomas Henry, London and South Western Bank, Limited, 7, Fenchurch Street, E.C.  
 Webb, William Thomas, London and South Western Bank, Limited, 3, Eldon Place, Streatham, S.W.  
 Weber, Frank Beauchamp, Bank of New Zealand, 1, Queen Victoria Street, E.C.  
 Webster, Allan Arrott, Union Bank of London, Chancery Lane, W.C.  
 Webster, Frank Edward, Sheffield Union Banking Company, Sheffield  
 Webster, John William, Messrs. Glyn & Co., 67, Lombard Street, E.C.  
 Weekes, John Ernest, Messrs. Coutts & Co., 59, Strand, W.C.  
 Weeks, John, Messrs. Glyn & Co., 67, Lombard Street, E.C.  
 Welch, Alfred Edward, National Provincial Bank of England, Limited, Berkeley, Gloucestershire

- Waller, George Edward Douglas, London and County Banking Co., Limited, Hastings
- Wenden, George Leonard, National Provincial Bank of England, Limited, 112, Bishopsgate Street, E.C.
- Ware, James, Alliance Bank, Limited, Bartholomew Lane, E.C.
- West, Henry McMurray, Imperial Bank, Limited, 6, Lothbury, E.C.
- White, Alfred James, London and County Banking Co., Limited, Henrietta Street, Covent Garden, W.C.
- White, Henry, Messrs. Smith, Payne & Co., 1, Lombard Street, E.C.
- White, Hilton Middleton, Union Bank of London, Argyll Place, Regent Street, W.
- Whiteman, Frank Gilbert, London and Westminster Bank, Limited, 4, Stratford Place, Oxford Street, W.
- Whitwell, Thomas Langford, National 112, vinci Bank of England, Limited, Bishopsgate Street, E.C.
- Whitworth, Morgan Lewis, National Provincial Bank of England, Limited, Carmarthen
- Whyte, David, Manchester and County Bank, Limited, Manchester
- Wiffen, Percy John, Union Bank of London, 2, Princes Street, E.C.
- Wigelsworth, Edwin Thomas, Stamford, Spalding and Boston Banking Co., Limited, Grantham
- Wightman, Evelyn Thomas Brecknell, National Provincial Bank of England, Limited, Norwich
- Wightman, William, Carlisle and Cumberland Banking Co., Limited, Carlisle
- Wigmore, William, Midland Banking Co., Limited, Burslem
- Wild, William Henry, Messrs. Coutts & Co., 59, Strand, W.C.
- Wilde, Matthew Henry, London and Provincial Bank, Limited, Halesworth, Suffolk
- Wilding, Henry Ambler, London and South Western Bank, Limited, 250, Cumberwall Road, S.E.
- Wildy, John William, Messrs. Coutts & Co., 59, Strand, W.C.
- Wilkie, David, Wilts and Dorset Banking Company, Salisbury
- Wilkinson, Arthur, London and County Banking Co., Limited, Blackheath, S.E.
- Wilkinson, George Alfred, National Provincial Bank of England, Limited, Shrewsbury
- Willesford, Francis, London and County Banking Co., Limited, 48, Sussex Place, Queen's Gate, S.W.
- Williams, Benjamin, Birmingham, Dudley and District Banking Company, Limited, Birmingham
- Williams, David Silvanus, London and Provincial Bank, Limited, Chatham
- Williams, John, London and South Western Bank, Limited, Clapham Common, S.W.
- Williams, Owen Manoa, Chartered Bank of India, Australia and China, Hatton Court, Threadneedle Street, E.C.
- Williams, Owen Thomas, North and South Wales Bank, Limited, Portmadoc
- Williams, Richard, Messrs. Glyn & Co., 67, Lombard Street, E.C.
- Williams, Richard Watkin, National Provincial Bank of England, Limited, Carey Street, Lincoln's Inn, W.C.
- Williams, Robert Owen, North and South Wales Bank, Limited, Carnarvon
- Williams, Walter Ebenezer, Messrs. Martin & Co., 68, Lombard Street, E.C.
- Williams, William, Birmingham, Dudley and District Banking Co., Limited, Cradley Heath
- Williams, William Thomas, National Provincial Bank of England, Limited, Amlwch, Anglesey
- Willis, Allan, Messrs. Leatham, Tew & Co. Wakefield
- Wills, Albert, Messrs. Coutts & Co., 59, Strand, W.C.
- Wilshere, Sharman Judson, Stamford Spalding and Boston Banking Company, Limited, Leicester
- Wiltshire, George William, Wilts and Dorset Banking Company, Frome
- Wilson, Ernest Edward, Messrs. Barclay & Co., 54, Lombard Street, E.C.
- Winterbottom, William Bryden, Southport and West Lancashire Banking Co., Limited, Southport
- Wirdnam, Walter George, Wilts & Dorset Banking Co., Warminster
- Witherby, George Coltman, Bank of England, E.C.
- Wood, John Alfred, Bank of British North America, 8, Clement's Lane, E.C.
- Woodhams, Robert, London and South Western Bank, Limited, Wellington Road, St. John's Wood, N.W.
- Woodroffe, George Frederick, Bank of England, E.C.
- Woodrow, James John, Union Bank of London, 2, Princes Street, E.C.
- Woodruff, Harrison, Bank of England, E.C.
- Woods, George Orbell, Imperial Ottoman Bank, 26, Throgmorton Street, E.C.
- Woods, Thomas Loxton, Pendean, Tyndall's Park, Bristol
- Woollard, Edwin, Manchester and County Bank, Limited, Bolton
- Woolley, Alfred, Southport and West Lancashire Banking Co., Limited, Southport
- Wordingham, John Douglas Pennington, Bank of England, E.C.
- Worley, George, Union Bank of London, 2, Princes Street, E.C.
- Wormal, Obadiah, Messrs. Garfit, Claydon & Co., Boston
- Wormal, William Nathan, Messrs. Smith, Ellison & Co., Old Bank, Lincoln
- Worth, Allan James, London and County Banking Co., Limited, Hounslow
- Wortley, John Storry, Stamford, Spalding and Boston Banking Co., Limited, Bourn
- Wren, Charles, London and County Banking Co., Limited, Newington Butts, S.E.
- Wright, Alfred Richard Henry, Messrs. T. Ashby & Co., Staines
- Wright, Arthur Henry, Birmingham, Dudley and District Banking Co., Limited, West Bromwich
- Wright, Edmund Barley, National Provincial Bank of England, Limited, Great Yarmouth

Wright, Edward James, Chartered Mercantile Bank of India, London and China, 65, Old Broad Street, E.C.  
 Wright, Edwin, London and County Banking Co., Limited, High Street, Kensington, W.  
 Wright, George, British Linen Co. Bank, 41, Lombard Street, E.C.  
 Wright, Henry, London and County Banking Co., Limited, 21, Lombard Street, E.C.  
 Wybourn, Charles Edwin, London and County Banking Co., Limited, Broadway, Deptford  
 Wyeth, Ernest, Messrs. Mellersh & Co. Godalming

Youle, David Norrie, London and County Banking Co., Limited, High Street, Kensington, W.  
 Young, Charles Frederick, Stamford, Spalding and Boston Banking Co., Limited, Spalding  
 Young, George Henry, Stamford, Spalding and Boston Banking Co., Limited, Leicester  
 Young, Henry Button, Messrs. Barclay & Co., 54, Lombard Street, E.C.  
 Young, John Ward, London and Westminster Bank, Limited, 41, Lothbury, E.C.  
 Young, William, Colonial Bank of New Zealand Dunedin, New Zealand

TOTAL NUMBER OF MEMBERS, 1,048.

Members are particularly requested to inform the Secretary as early as possible of any errors in these Lists, and also of any change in their Addresses.

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THE PRECEDING REGISTER OF MEMBERS OF THE INSTITUTE OF BANKERS  
 CONTAINS NAMES FROM THE UNDERMENTIONED LONDON BANKS—

Alliance Bank, Limited.  
 Anglo-Californian Bank, Limited.  
 Australian Joint Stock Bank  
 Aynard and Ruffer.

Bank of Australasia.  
 Bank of British North America.  
 Bank of England, Threadneedle Street, E.C.  
 1, Burlington Gardens, W.

Bank of New South Wales.  
 Bank of New Zealand.  
 Bank of Scotland.  
 Barclay & Co.  
 Barker, G. & Co.  
 Barnett, Hoares & Co.  
 Birkbeck Bank  
 Bosanquet, Salt & Co.  
 British Linen Company Bank  
 Brooks & Co.

The Capital and Counties Bank, Limited, and  
 Branches.  
 Central Bank of London, Limited.  
 Chartered Bank of India, Australia and China.  
 Chartered Mercantile Bank of India, London  
 and China.  
 Cheque Bank, Limited.  
 Child & Co.  
 City Bank, Limited, and Branches.  
 Clydesdale Banking Company.  
 Colonial Bank of New Zealand.  
 Commercial Banking Co. of Sydney.

Comptoir d'Escompte de Paris.  
 Consolidated Bank, Limited.  
 Coutts & Co.  
 Credit Lyonnais.

Delhi and London Bank, Limited.  
 C. Devaux & Co.  
 Dimsdale, Fowler, Barnard & Co.

J. Edlmann & Co.

General Credit and Discount Co., Limited.  
 German Bank of London, Limited  
 Gillett Brothers & Co.  
 Glyn & Co.  
 Goslings & Sharpe.  
 Grindlay & Co.

Harwood, Knight & Allen.  
 Hill & Sons.  
 Hoares.

Hong Kong and Shanghai Banking Corporation.  
 Hopkinson & Sons, Charles

Imperial Bank, Limited.  
 Imperial Ottoman Bank.  
 International Financial Society, Limited.

Henry S. King & Co.

Lacy, Hartland, Woodbridge & Co.  
 Land Mortgage Bank of India, Limited.

London and County Banking Co., Limited, and Branches.  
 London Joint Stock Bank and Branches.  
 London and Provincial Bank, Limited, and Branches.  
 London and South Western Bank, Limited, and Branches.  
 London and Westminster Bank, Limited, and Branches.  
 London and Yorkshire Bank, Limited.

Martin & Co.  
 McCulloch & Co.  
 David Mayer.  
 Mercantile International Bank, Limited.  
 Merchant Banking Company of London, Limited.  
 Midland Banking Company, Limited.  
 C. de Murrieta & Co.

National Bank and Branches.  
 National Discount Company, Limited.  
 National Provincial Bank of England, Limited, and Branches.  
 New London and Brazilian Bank, Limited.

Oriental Bank Corporation.

Praeds & Co.  
 Prescott, Grote, Cave & Co.  
 Provincial Bank of Ireland.

Queensland National Bank.

Robarts, Lubbock & Co.  
 N. M. Rothschild & Sons  
 Royal Bank of Scotland.

Seyd & Co.  
 Smith, Payne & Smiths.  
 Standard Bank of British South Africa, Limited.  
 Stern Brothers.

Twining & Co., Richard.

Union Bank of Australia, Limited.  
 Union Bank of London and Branches.  
 United Discount Corporation Limited.

Williams, Deacon & Co.

## COLONIAL AND FOREIGN BANKS.

Alliance Bank of Simla, Limited, Rawul-Pindie, Punjab.

Banco de Londres & Rio de la Plata, Buenos Aires.  
 Bank of Africa, Limited, Port Elizabeth, Cape of Good Hope.

Bank of Africa, Limited, Craddock, Cape of Good Hope.

Bank of Australasia, Brisbane.

Bank of Bengal, Delhi.

Bank of New South Wales, South Brisbane.

Bank of New South Wales, Wanganui, N.Z.

Bank of New Zealand, Auckland, N.Z.

Bank of New Zealand, Bulls, Wanganui, N.Z.

Bank of New Zealand, Foxton, Wellington, N.Z.

Bank of New Zealand, Levuka, Fiji Islands.

Bank of New Zealand, Lyttleton, Canterbury, N.Z.

Bank of New Zealand, Masterton, Wellington, N.Z.

Bank of New Zealand, Melbourne.

Bank of New Zealand, Nelson, N.Z.

Bank of New Zealand, Patea, Taranaki, N.Z.

Bank of New Zealand, Rangiora, Canterbury, N.Z.

Bank of New Zealand, Sydney, N.S.W.

Bank of New Zealand, Wanganui, N.Z.

Bank of New Zealand, Wellington, N.Z.

Banque de Paris et des Pays-Bas, Amsterdam.

City Bank, Sydney, N.S.W.

Colonial Bank, Barbadoes, West Indies.

Colonial Bank of New Zealand, Dunedin, N.Z.

Colonial Bank of New Zealand, Nelson, N.Z.

Commercial Banking Company of Sydney, Sydney, N.S.W.

Commercial Bank of Australia, Limited, Melbourne.

Eastern Townships Bank, Sherbrooke, Quebec, Canada.

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Molsons Bank, The, Montreal, Canada.

National Bank of New Zealand, Wanganui, N.Z.

South African Bank, Cape Town.

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Bank of Ireland, and branches.  
Bank of Liverpool.  
Bank of Scotland, Edinburgh.  
Bank of Westmoreland.  
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Company, Limited, and Branches.  
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Branches.  
Birmingham & Midland Bank, Limited.  
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THE CLEARING SYSTEM APPLIED TO TRADE AND  
DISTRIBUTION.

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[Read before the Bankers' Institute, Wednesday, 16th February, 1881.]

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*Introduction.*

It may be a bold assertion, but I do assert, on grounds which will be hereafter submitted, that the clearing system in political economy is as important in respect of exchange as division of labour is in respect of production. The principle of the clearing house system may be described as that of transfer by means of central agencies. The most perfect instance of the clearing system in operation is that adopted by banks. Money, or rather the possession of it, is by means of the Clearing House, transferred from one end of the country to another, from one country to another, with the least possible friction and trouble. Besides the Bankers' Clearing House there are numerous other clearing houses in existence, not always called by that name but founded on a similar principle. Insensibly, and by degrees, the best means of exchanging like things have been found out in many cases, but the invention of the Clearing House seems to be susceptible of further improvement, further extension, and closer application to business generally.



For the organising of a good clearing system common confidence and co-operation are necessary preliminaries, and individual ability is of little use without co-operation. The high credit of our clearing banks was not the least important factor in the establishment and easy conduct of the Bankers' Clearing House. Something else was required, however, after confidence and credit were established, and that was co-operation. There is a struggle in the minds of commercial men before they can be induced to bind themselves for the common good; but where the struggle is surmounted, and co-operation results, the general convenience is found to compensate for any small drawbacks involved in depending upon others for the better conduct of individual interests. Confidence and co-operation being established, the remaining requisite for a good clearing system is a centre of operations.

Clearing, in its simplest form (that of bankers' cheques and bills), is the outcome of bargains; it is merely a settlement of transactions already agreed upon. A bank has agreed that its clients should draw cheques up to a certain amount. The cheques are drawn and the bargain so far is completed. The Clearing-House concerns itself only with the passing of those cheques, and not with the relation of the drawer to the cheques. On the Stock Exchange, again, the price given for a stock or set of stocks will have already been fixed, or, as the phrase runs, "made up," and all that the clearing house is concerned with is the passing on of a certain amount of securities for which bargains have already been made and accounts adjusted.

But the clearing system has a wider application; it can be applied, and is applied, to those market bargains which are part of the whole system of commercial exchanges in a state of barter. Our ancestors may have exchanged in a direct manner a knife for a sack of flour; a piece of land for a gun; a shirt for a pound of tobacco, and so on. In undeveloped countries such exchanges are still not uncommon, but in such countries there is little division of labour, and no notion of a clearing system. Division of labour requires machinery of distribution as its first refinement, and more or less elaborate clearing systems as a further refinement. While the clearing of cheques is the exchange of likes against likes, the clearing in several branches of business smooths the way for the necessary exchange of unlikes.

Adam Smith's illustration of the effect of the division of labour on the production of pins is well known, but always striking. The passage runs thus:—"A workman not educated to this business (which the division of labour has rendered a distinct trade), nor acquainted with the use of the machinery employed in it (to the invention of which the same division of labour has probably given occasion), could scarce, perhaps, with his utmost industry, make

one pin in a day, and certainly could not make twenty. But in the way in which this business is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewise peculiar trades. One man draws out the wire, another straightens it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head; to make the head requires two or three distinct operations; to put it on is a peculiar business, to whiten the pins is another; it is even a trade by itself to put them into the paper; and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which, in some manufactories, are all performed by distinct hands, though in others the same man will sometimes perform two or three of them. I have seen a small manufactory of this kind where ten men only were employed, and where some of them consequently performed two or three distinct operations. But though they were very poor, and therefore but indifferently accommodated with the necessary machinery, they could, when they exerted themselves, make among them about twelve pounds of pins in a day. There are in a pound upwards of four thousand pins of a middling size. Those ten persons, therefore, could make among them upwards of forty-eight thousand pins in a day. Each person, therefore, making a tenth part of forty-eight thousand pins, might be considered as making four thousand eight hundred pins in a day. But if they had all wrought separately and independently, and without any of them having been educated to this peculiar business, they certainly could not each of them have made twenty, perhaps not one pin in a day; that is certainly not the two hundred and fortieth, and perhaps not the four thousand eight hundredth part of what they are at present capable of performing, in consequence of a proper division and combination of their different operations."

This is economy indeed. But is not the economy of time, trouble and money, quite as extraordinary in the London Bankers' Clearing-house? Cheques and bills are there passed at an average daily rate of 20 millions sterling, by the agency of two or three dozen trained clerks. Not a coin is seen in the place. But were this money to be paid in gold, the weight to be moved every day would be 200 tons; if in silver, 3,300 tons. The distances, too, over which portions of the total would have to be moved would vary from a few yards to thousands of miles. Manifestly, without the clearing-house, such transfers could not be made, any more than, without division of labour, ten men could turn out 48,000 pins per day.

In any well organised clearing which I can call to mind, the principle of transfer by central agencies is refined by the transfer of symbols in place of things. Apart from market operations, how should we be able to distribute and exchange the smallest domestic

articles without the use of symbols? Language is a pure system of symbols; and without some such means of referring to commonly understood articles, there would be a necessity of conveying and handling the articles exchanged. The exchange and dissemination of that impalpable wealth which consists in ideas would be much hampered, and sometimes rendered impossible, without language. What value there may be even in the facts and reflections now submitted is derived from the reception in one centre of many different expressions of opinion coming from various practical and scientific minds. The experience which is here gathered together and arranged it is attempted to transmit to other minds, and so cause dissemination. The ideas here tied up in bundles, as we may say, and offered for distribution, originally came piecemeal from various sources with which the ultimate recipients may possibly not have had similar chances of coming in contact. I do not say that the more or less crude ideas now presented are perfectly arranged or properly calculated to spread—possibly some future writer may take the trouble to apply more experience to the development of the subject in hand—but the process is what may now be emphasized. It is the clearing system. It is the collection by emblems (language) of ideas in one centre, with a view to their dissemination by emblems from that centre. As language furnishes the emblems of ideas, cheques furnish those for money, "tickets" those for stocks, "warrants" for iron, and the intermediate transfers are effected by the clearing of these several emblems in their respective common centres.

#### *Abstract Clearing.*

Clearing in the abstract is like one of those "round games" which cannot be properly carried on with less than five players. There is (1) the transmitter; (2) the receiver; there are (3 and 4) the central agents of each; and lastly, there is the party holding the central stock. There must be unbroken connection through the centre of operations. It is the business of No. 1, the transmitter, to send orders to No. 3, his agent; and equally the business of the receiver (2) to acquaint his own agent (No. 4) of his claims; it is finally the function of (No. 5) the stock-keeper, to deliver the balance as directed. No matter whether the central stock be something hard and tangible—say the gold in the Bank of England, the iron in Connal's warrant stores, the wheat in a Chicago elevator—or something as intangible as the carrying power controlled by the Post Office, or the information in a newspaper, the central stock is theoretically existent. Sometimes, as with the Post Office, the agency of receiving, the agency of delivery, together with the holding of the central stock, if we may so name it in this instance, of distributing force, are one undivided system. In the case of

claims by railways one upon the other, the whole five parties—the two principals, their agents, and the centre of operations—are in practice one. And yet, theoretically, the five parties are as distinct as in the clearing of a cheque which is sent let us say, from No. 1 in Brighton, to No. 2 in Newcastle, the London agent No. 3 paying the amount to the other agent No. 4; and the Bank of England, No. 5, holding the central stock of cash. (See diagram in appendix.)

These five parties to a clearing are linked by confidence. The transmitter must have confidence in his agent; the receiving agent must also be trusted by his principal; and all must have complete faith in the holder of the central stock. Every now and again we have an instance of the panic, and the paralysis of business, which result from too great a diminution of the stock of cash in the Bank of England. If it were to be discovered that the pig-iron in the Glasgow warrant stores had been secretly treasured upon, the whole system of transfer by warrants would break down. With all this machinery, all these intermediaries, and the confidence which must necessarily be reposed in intermediaries, what is the abstract advantage of a clearing in comparison with that of direct and separate transfer?

No. 1, the transmitter, gains, because his agent, No. 3, is in a position to do the work cheaply and efficiently. No. 2, the receiver, gains, because, the transfer being more easy, the *quid pro quo* in the exchange is more substantial. If a merchant has a cargo for sale, knowing he can get prompt payment through the clearing, he naturally sells more readily, and the business of both parties is facilitated. A wider market is, in effect, opened up to each. The agents No. 3 and No. 4 gain because they can charge a commission, or—as in the case of foreign bills—they can make a profit by minutely watching the special businesses to which they devote themselves. No. 5, the keeper of the central stock, also gets a rate of commission, directly or indirectly, for the discharge of his special function. The saving in insurance may much outweigh the cost of commissions. So much is the business of exchange facilitated by the employment of central intermediaries, that their various commissions can be paid; and yet the clearing may be so rapidly, and efficiently and economically carried through, that the employment of the clearing machinery, cumbrous as it might seem to be, is preferable to the direct transfer of valuables.

Being once established, a good clearing system can be usefully set in motion for what might appear mean purposes. Steam-hammers were not invented for the cracking of nuts, but are adaptable to such seemingly base uses. It is quite impossible to define the limits of the usefulness of clearing. It is undoubtedly a kind of machinery which has effected much, and may possibly do greatly more towards the distribution and enjoyment of wealth. We will now

proceed to look at the working and the proved results of various clearing systems already established.

*Illustrations in practice.*

The perfection of clearing as a system has been obtained in its adoption for the exchange of cheques in London, or, as some claim, preferably in Manchester. (It seems, however, to have been in Edinburgh that the first germ of the banking clearing-house system became apparent.) It is needless to describe to this Institute the process by which the exchange of cheques is completed. The origin of the clearing system in London was this: Every London banker finds, every day, that he has claims against other bankers, and that in turn the others have claims against him. Before the clearing system was established, each bank had to send out clerks to present the cheques and obtain payment in various parts of London, and had, moreover, to keep in its till large quantities of cash and notes for the purpose of meeting these daily claims. To a great extent this clumsy method has been superseded by the establishment of a clearing-house, at which the leading banks meet in the persons of their clearing clerks. Each clearing bank now keeps an account at the Bank of England. The *balance* of claims is shown against each bank, and is settled by means of a special cheque or transfer ticket, white when the bank has to pay, green when it has to receive this balance; accordingly there is no necessity for the passage of a single bank-note or coin, although thousands of millions are exchanged, or as we should say, cleared by this process. Professor Jevons claims for the Manchester Clearing-house even a better method than that which is adopted in London, but the question raised being one of practice, it is for practical men to decide which is the better system, the difference between the two being, after all, very slight in principle.

America, always ready to receive and apply good ideas, has been prompt to foster the clearing-house system. The New York clearing-house was established in October, 1853, the principle being the same as in this country. In New York, Philadelphia, Boston, and nearly every other active business centre of that active commercial country there is a clearing-house for the settling of debts. Paris has the beginning of the bankers' clearing-house, apart from the Bank of France, which acts as a medium between its own clients. In Germany, except by the agency of the Imperial Bank, as described in Mr. Palgrave's paper, on the "Three Great Banks of Europe," read before this Institute in June, 1879, the idea has been slow in making progress. Credit in that country has developed rapidly of late, and the methods of economising coin in conducting a number of transfers are more or less developing also; but there has been

for a long time a difficulty in overcoming the curious and ancient method by which coin is used for payments in bags. Strange to say, also, in our own busy Liverpool, the use of cheques was little known until recently, but Mr. W. G. Henderson, of Liverpool, informs me that payment by cheque has increased greatly there within the past five years, and bankers now give it every encouragement. The same authority also remarks :—"Our banking clearing is conducted on very much the same footing as in London and elsewhere, with the exception that the clearing clerks meet for daily settlement only, and not for the exchange of cheques, which are still presented across the counters of the respective banks."

One of the most simple, economical and complete systems of clearing in existence is that elaborated for the cotton brokers of Liverpool by Mr. Joseph B. Morgan, the inventor of what is called the Cotton Brokers' Bank. It is virtually a clearing-house. It undertakes the clearing of cotton as well as of the payments in settling bargains. Thus there are two chief processes.

Take the clearing of cotton. A certain shipment, or arrival, or quantity in warehouse has been bought and sold again fifty times over (cases are known in which the same lot changes hands over two hundred times), and when the date of transfer arrives the function of the Cotton Brokers' Bank is to expunge the intermediate buyers, and cause the first seller to hand over possession of the cotton to the last buyer. This is done by fastening together, and in proper order, the documents all made out on the same plan, one of which each intermediary has handed to his neighbour in the transaction, the ultimate buyer receiving delivery from the first seller without troubling the others. That process clears the cotton.

In the settlement of claims it is obvious that each intermediary has a certain amount to pay and a certain amount to receive. The Cotton Brokers' Bank takes the tickets showing his debt and his claim, and draws out the "difference" to which he is entitled or which he has to pay, as the case may be. When the hour of settlement comes, the bank, having beforehand placed the "differences" to receive or pay against each other, produces a balance which, if on the debit side, a representative of the broker attends and liquidates, or if to the credit, remains at the branch Bank of England for his use. Thus a broker's payments and receipts, of whatever nature, are reduced by the bank to *one* item per day, and contracts for cotton valued at as much as six millions sterling, are known to have been settled by this process in half-an-hour. The gross sums represented being matters of account in the Cotton Brokers' Bank itself, and not representing fiduciary transactions between the bank and the public, are transferred without the need of stamps, the charge to the brokers for

settling their accounts is only 1s. per 100 bales, equal in value to, say, £1,200 each, and by the singularly simple and complete method of tickets and counterslips adopted, the transfers are made without records in books. Nobody, therefore, preserves a knowledge of the business of others.

Mr. Morgan boasts, and no doubt justifiably, that his process saved in one year the employment of £35,000,000 in cash and Bank of England notes, which were freely handed about under the old system. In other words, reckoning that the cash daily used under that system made three payments before being returned to the banks, the annual transfer, if properly valued, of about 100 millions, was effected by the new system with the passage of comparatively trivial sums.

This scheme at present embraces only cotton money, but Mr. Morgan feels confident that the same principles can well be applied to the monetary transactions of other branches of commerce with equal advantage.

Whilst, however, in various parts of the world the clearing system for banking affairs has made progress, there is a far larger, and more important process at work tending towards international clearing. As banks or individuals pay money and receive money from others, so, on the other hand, one country pays to another and receives. Insensibly, and by slow degrees, it has come about that London is often selected to form the clearing-house of the world. The effect is that merchant "A," who has to receive £5,000 from China, gets the money from a bank in London, and merchant "B," who has to pay £5,000 to China pays it to an agent of his Chinese creditor in London, and so on, as will be illustrated at greater length further on.

In some respects like pure clearing, what are called the foreign exchanges mean the exchange of money by tokens, *i.e.* bills, the balance only of claims for, or against a country being settled by the transmission of actual money. Sometimes the balance involves no such transmission. A draft on London will often arrange the balance of debts between two foreign countries as completely as a cheque on the Bank of England will satisfy the claims of one London clearing bank on another.

The foreign exchanges require settlement, because of the international commerce which mainly gives rise to the claims of nation upon nation. In our home trade it is plain that division of labour entails a multiplication of exchanges. No man produces everything he requires; and in that respect no man is independent. If, again, is dependent upon another for material or for labour, and so it is with whole nations. Labour, economists most profitably applied to those particular branches of commerce for which a country has the greatest natural advantages.

Under a system of unimpeded trade, so far as that system exists we find that each country produces what its position and resources enable it to produce to best advantage. Hence the necessity of exchanging produce, and hence the further necessity of settling claims internationally.

Bills on a foreign country have eventually to be taken to the country in which they are payable, just as a cheque has eventually to be cashed by the bank on which it is drawn. The intermediate or "clearing" agency is, however, a voluntary and automatic one in the case of bills. There is no pre-arranged meeting of emissaries from, say, Russia, for the purpose of clearing scores with, say, France. It is left to the market to arrange matters.

A market for foreign bills is necessary, because these bills are of unequal value. One may bear only third-rate names, while another is as sound as Consols. Moreover, the claims of different countries are reckoned in different currencies. The "higgling of the market" determines the precise equivalent in sterling of a given amount in francs, the exchange value in francs of a certain sum expressed in paper roubles, and so on. It is obvious that the most simple exchange of claims between countries must be the subject of a bargain. Various governments have tried to fix by law the rate at which their own currencies should be exchanged for foreign currencies, but the success of such edicts is as impossible as the fixing a watermark above or below which the tide of the ocean may not fluctuate. If the French Government, for instance, with its inveterate love of interference and regulation, were to order all bills to be exchanged at fixed rates, the dealers in foreign bills would either defy the law, or settle their business abroad. There is no possibility of putting the settlement of international claims on the same simple footing as the daily settlement of cheques between the clearing banks of London; but automatically, and by means of innumerable bargains, the amounts are compared and the balance is settled. One country buys up the claims on itself, and pays by selling its claims on another country. The principle of settling balances only is the same after all.

London has come to be a clearing-house for foreign indebtedness, not only because it is central, in a financial and commercial sense, but also because the currency of England is a dependable one. A good draft for so many sovereigns, each worth £3. 17s. 10½d., will always be paid in such sovereigns; there will be no refusal to give gold, no mere pretence of paying the same amount in silver or notes, but the full payment stipulated for is certain—such, at least, has been the experience of the last half-century. Further, and very properly, although in contrast to the bankers' clearing-house, where everything is highly regulated, the exchanges are left to regulate themselves, a small stamp duty alone being exacted on



bills. Bargains and contracts being involved, the most perfect freedom is the best possible condition of settlement. Mr. Goschen, in his work on the foreign exchanges, has given some illustrations of the manner in which London acts as an international clearing-house. He points out that, in the East Indies, those who ship produce to America, *draw on London, and not on New York*, and the New Orleans cotton exporter draws on London instead of St. Petersburg for the cotton shipped to Russia. The primary cause of England's position in this respect, Mr. Goschen says, "is to be found in the stupendous and never-ceasing exports of England, which have for effect that every country in the world being in constant receipt of English manufactures, is under the necessity of making remittances to pay for them, either in bullion, in produce, or in bills. It may divert its produce to other countries, but the bills drawn against such produce will be sure to find their way to England. The Americans export very little to China, but require more tea and silk from the Chinese than what they give them in goods. Consequently, the Chinese have a surplus claim on New York. This they transfer to their English creditors, to whom they are indebted for the surplus value of the goods imported. . . . Of other countries, A may import from B, but export to C; and if B and C are not in constant intercourse, A will not be able to pay B by giving an assignment on C. However, A B and C are all commercially connected with England, and A can pay B by assigning to him a claim against England, which he himself has received in payment from C; or, more simply, C draws a bill on England and remits it to A in payment, and A passes it on to B, who, being in constant connection with England, is in his turn easily able to use it. . . . Bombay as yet takes very little from Germany, the great bulk of her dealings being still with England; consequently, the Bombay merchants, finding few purchasers for bills on Bremen, still draw on London for German account, when they ship cotton direct to the Continent: and a transaction takes place which, in fact amounts to this, that they direct their London creditors to obtain payment from their German debtors. A very large proportion of the foreign bills afloat will, on a careful analysis, be found to represent adjustments of this kind; that is to say, not direct, but indirect and intermediate settlements, in which London appears as the clearing-house of the world."

The *entrepôt* system derives its chief merits from the facilities for clearing goods and engagements connected with it. So distinct are the benefits of that kind as sometimes to over-ride the more obvious advantages of direct transmission. Take wool, for instance. The greater part of the Australian and South African produce is sent to London. It is sold by auction in this centre, to which are attracted buyers from various parts of the earth. It

might appear, and in some cases it actually is, more advantageous to growers to send their wool direct to the Continent or America, but for many years London has been almost exclusively the great central market for wool. This pre-eminence may have been owing, in the first place, to the greater consumption of wool in England than in other countries. It also no doubt arose in part from the greater facilities for payment—of which we have already had illustrations in considering the foreign exchanges—but geographical reasons are conspicuously absent. Thus the clearing facilities afforded by a great centre for distribution have quite over-ridden the apparent economy of sending wool direct, say, from Melbourne to New York, or through the Suez Canal to France and other countries.

The process by which transfers of securities on the Stock Exchange are made (apart from the clearing-house, which is a refinement still on trial) may admit of some description. To begin at the beginning, we must remember that there are dealers on the Stock Exchange who are ready to buy or sell stocks at a price. Imagine such a dealer called D. A broker B comes to him and contracts to sell, say, £5,000 Egyptian Unified Stock. When the day of settlement comes round, D, the dealer, finds he has to receive £5,000 Unified Stock from B, and deliver £5,000 of the same stock to Z. D steps on one side, and what comes from B is credited to Z, to whom D had engaged to give it. The method by which clearing is thus carried on is to exchange not stock but tickets, which are, like promissory notes, engagements to take up shares or stock, all made out on a uniform plan. We now come to the Stock Exchange Clearing-house so called, to which some of the members belong and others do not. Each member who uses it forwards a balance-sheet, and all but the balance of stock deliverable or receivable is cancelled. The clearing-office is also charged with keeping a record of intermediate liabilities in case of dispute. To facilitate the settlement of accounts a fiction is introduced. It is assumed that the price of buying and the price of selling is the same, a "making up" price being fixed for each stock, and the difference, whether in his favour or against him, the dealer has to settle directly with each of those with whom he has dealt. This plan is evidently not altogether perfect—it is probably impossible to devise a perfect plan—but it saves an immensity of trouble, as is proved in practice by the length of time and amount of detail involved in settling accounts in stocks not included under the clearing regulations. On the whole, in view of the immense speculative dealings in public stocks, a Clearing House of some kind is indispensable. The transactions on the Stock Exchange are often so large that a highly refined clearing process is necessary. In the American section, in which the objections against a Clearing House for stocks were believed to be more cogent than the argu-

ments in favour of it, it was tried for a time and then discontinued ; there is no recognised process of the kind, and settlements are accordingly very heavy and protracted after a busy "account." So onerous has the work of settling become, that a prominent dealer in the department referred to lately declared the making of money—and much had been made—to be attended with so much labour and anxiety in the settlement of accounts (a half-monthly event) that he preferred a diminished business with less annoyance. Perhaps no clearing process could be devised by which such worry could be altogether avoided ; but in parts of the Stock Exchange, where a clearing system is at work, complaints of excessive business are not so distinct. We have, therefore, some proof that business cannot reach its greatest possible activity in any market unless an efficient clearing system be established.

The Railway Clearing House is described as "a vast organisation, adapted in an extraordinary degree to save trouble in accounting as well as to prevent petty disputes among the different companies concerned. The very circumstance of the great bulk of the used passenger tickets in the kingdom being transmitted to a common centre for adjustment as to the claims of one company against another, affords in itself a remarkable instance of an ingenious system for elaborating simplicity out of what would almost appear a commercial chaos." It was regulated by Act of Parliament in 1850. About 93 companies are represented in the Clearing House. It seems that accounts are forwarded monthly by each company, also the collected tickets. The claims of each company against others are balanced against the claims upon it, and a remittance in settlement of the balance has to be made in each case. This is an instance of the clearing system theoretically pure and complete, but it does not work so automatically as that of a bankers' clearing. On the contrary, a large central staff is necessary to check accounts, to determine balances, settle disputes, and to control an infinity of detail. Without some such system, however, the facilities conceded by neighbouring companies for the interchange of traffic over each other's lines would be greatly curtailed, and the loss to the public—so accustomed are we to the free use of these facilities—would be inconceivable. I have added further particulars in an appendix to this paper.

Although not so called, the Post Office is virtually a clearing house for messages, and is a remarkable instance of the economy in distribution which is practicable under its organisation. Observe the following facts :—

DELIVERIES WITHIN THE UNITED KINGDOM DURING THE YEAR ENDED  
MARCH 31st, 1880.

Letters .. .. .	1,127,997,500
Post Cards .. .. .	114,458,400
Book Packets and Circulars .. .. .	213,963,000
Newspapers .. .. .	130,518,400
Total .. .. .	<u>1,586,937,300</u>

This total is exclusive, of course, of letters, &c., sent abroad and delivered outside the United Kingdom. The active force engaged in mail (including money order) service numbers 34,159, and the cost of the service was £4,060,758 for the year already referred to. Reducing these totals to a daily average, we find that every day, excluding Sundays and close holidays, the deliveries exceed five million letters. The average cost of each message is less than a halfpenny, while, without such an agency as the Post Office, it would be necessary to pay special messengers from a shilling to some pounds for each delivery. Nor would the intermediary be so prompt or trustworthy as the Post Office.

Mr. Fawcett, a scientific political economist, who is improving his opportunities at the Post Office of showing himself a practical administrator, lately referred to a fresh extension of the clearing system applied to the transfer of parcels. He spoke as follows: "When the question of a parcel post was brought under my notice, I was not long in coming to the conclusion that its introduction would be so extremely advantageous to all classes of the community, that I applied to Mr. Gladstone to allow the negotiations to proceed, and he at once gave his cordial assent. The companies have met our proposals in such a manner that I have every reason to hope that the negotiations will soon be brought to a successful conclusion. The plan which has been suggested is an extremely simple one, and will, I believe, commend itself to all men of business. It is proposed that there shall be two parcel stamps for parcels of different weights, and that periodically a certain fixed proportion of the entire receipts should be handed to the railway companies. Nothing could be more simple than such an arrangement. The Post Office will have no monopoly of carriage. The railway companies, having means of carriage which no one else possesses, and the Post Office having exceptional facilities for distribution, especially in the rural districts, will virtually enter into a partnership which will, I believe, confer on the general community benefits the magnitude of which may be estimated when we consider what a convenience it would be if we were able to send from any Post Office for a uniform charge a parcel weighing, say, three or four pounds to any part of the United Kingdom, with the certainty that nothing would have to be paid by the person to whom

it was delivered. What an interchange of produce there might thus be between town and country; and there is no more real addition that can be made to a nation's wealth than the facilitating the means of communication, and so bringing some product from a place where it is superabundant to localities where it may be greatly wanted. If such a parcel post as that which I have described is established, I believe it will be possible to connect it with an international parcel post, and if this should be done, parcels can be posted at certain fixed rates to most of the continental countries, as well as to India, and probably hereafter to most of our colonies."

Here, then, is an excellent illustration of the benefits to be derived from co-operation between the carrying agents, for the purpose of economical transfer from the most remote places, with a minimum of trouble to the carriers as well as to the public. It foreshadows a new, successful and extensive application of the clearing system.

An adaptation of the system, in respect of the telephone, is described in few words, thus: "The company let telephones for use. A system has been established for the benefit of subscribers. By this arrangement every subscriber is provided with a telephone which communicates with a central station, where there is a man ready to bring any two instruments into connection, so that a perfect communication is established throughout the subscribing body."

A gentleman, who recently made a tour in the United States, thus describes his experience of the telephone in that country: "I was quite astonished at the extensive use made of electricity. Every transfer of stock or shares on the New York Stock Exchange is immediately registered by electric current by hundreds of machines situated in various parts of the city, in the principal hotels, banks, brokers', merchants', and newspaper offices, &c. Again, there is not a city of any size in the United States that has not its telephone exchange, which is used not only by the great commercial firms, but by all the higher classes of the private inhabitants; and there is not a tradesman who makes any pretensions to doing a large business who is not also a member. Doctors consult their patients and prescribe for them by telephone. Travellers engage berths on steamboats and railroad sleeping-cars by the same means. Ladies send and receive invitations without leaving the house; and the housewife orders the daily supplies of the various tradespeople as she sits in her parlour."

The American people are exceedingly systematic in their business arrangements. Owing, perhaps, to the great distances between centres of production and centres of exchange, the system of storing grain has been brought into comparative perfection, as far as regards facilities for buying and selling. In Chicago, and other central ports, great grain "elevators," or warehouses, have been erected.

The name seems to have been derived from the practice of elevating grain of a certain kind to a corresponding stage in the warehouses, for as soon as it comes forward wheat is "graded," and is thrown together with other wheat of the same grade. By this means, No. 1, No. 2, and No. 3 spring wheat, for instance, are kept apart in huge compartments. As soon as the order comes to the warehouse to ship—in America they "ship" by railroad—a given quantity of a given grade of wheat, the simple turning of a handle lets out the required quantity of grain and loads the vessels or railroad cars to the required extent; there is no hurrying about, sorting, sampling, or weighing and examining of sacks. It is necessary to sell cheaply, and to do so, trouble must be saved, and this centralising of stocks, with a view to economy in distribution, is the method adopted for saving time and trouble. In it the great clearing principle is plainly at work.

One of the most remarkable instances in which the clearing principle is adopted is petroleum. In the United States the system there adopted not only facilitates the centralisation of the oil with the greatest possible economy, but also facilitates the market transfers in the trade. There is an association, called The United Pipe Lines, which undertakes the business of receiving oil in central reservoirs. When a producer in the oil regions has petroleum to sell, the oil is conveyed through pipes to these central reservoirs, and the association issues to him what are called United Pipe Line Certificates for the amount of oil which he has transmitted. When a refiner or exporter of oil requires petroleum, he does not need to go to this producer and that, and make separate bargains for separate quantities; all he need do is to go into the market for United Pipe Line Certificates, buy the said certificates when the market is most favourable to him, and procure delivery by presenting them. The oil will then be conveyed in the most economical manner from these great central reservoirs to any destination or port which he may fix upon. By this arrangement it is obvious that the article itself is cleared most advantageously, in the sense of saving unnecessary movements and economising carriage to and fro. The clearing system is further applied to the market for petroleum by the issue of the certificates already described.

Petroleum in London is subject to a different kind of clearing, but the English plan is also an example of considerable elaborateness. There are no central reservoirs as in the United States, but the oil, when it arrives, is stored in various accessible centres, and the Petroleum Association, which is a body recognised by the trade, issues documents certifying that the oil arrived is of a certain marketable quality; and thus, when petroleum is bought or sold, it is unnecessary to examine each particular lot, or even a sample of the oil offered, the oil being dealt in on the basis of these certificates.

Petroleum is usually sold for delivery in such and such a month, and by three o'clock in the afternoon of the last day of each month all transactions have to be completed. This is done, not by the handing over of so many barrels of oil from hand to hand, but by the transfer of what are called tenders, accompanied by the certificates above referred to, these representing the amount and quality of the oil contracted for. It is obvious that by these methods an immense amount of business can be done when occasion requires, while without them the transfer of petroleum would be an exceedingly troublesome, dirty, and wasteful process.

The clearing system applied to distribution will not, at first sight, be so obvious as the illustrations already given—I mean, distribution generally. Trade as a whole may be defined as the passing on of goods in an immature stage to stages of greater maturity. The cotton grower passes his cotton to the dealer; the dealer passes it on to the shipper; the shipper consigns it to a purchaser in Liverpool; it is then taken into the hands of a spinner, and becomes yarn; from thence it goes into the hands of the manufacturer, and becomes cotton cloth; it is then sent to an agent or warehouseman, who sells it to the draper in the form of shirts, sheets, &c., &c.; and from the draper it is at length transferred to the consumer. To make a shorter series, wheat is transferred from the hands of the farmer to the dealer in Mark Lane, or in a country market; from thence it is taken to the miller, who, in turn, sells it to the baker in the form of flour; and the baker sends it as bread to private consumers. At first sight, this passing on process does not require any central agency, or agencies; but on reflection we see that when, say, a spinner of cotton sells yarn to the manufacturer, he does not sell it ultimately for money, but, in reality, to get the means of procuring more raw cotton, in order to carry on his business. Reduced to its simplest form, then, the operation of the spinner is the exchanging of his yarn for raw cotton. The like operation of the manufacturer is to exchange his woven goods for yarn. The operation of the shirtmaker is to exchange his shirts for cotton cloth. Similarly, the baker, when he sells bread, applies the proceeds to procuring more flour. The exchange is not direct in each of these cases, but it is quite sufficiently so for theoretical purposes. We may then assume that trade, although at first sight the passing on of goods from incomplete to more complete stages, is, in the main, the exchange of one set of goods against another. Obviously, it is necessary, if these exchanges have to be made, that they should be made with as little delay, or unnecessary traffic, as possible. As water seeks its level, so are the best markets mechanically found out. For instance, we may take the shipping business. If Chinese tea be shipped from Hong-Kong, the shipper has not only to consider the state of various European markets for tea, but also

the best market for return freights. Let us say that tea in London is no more attractive as a market than St. Petersburg. The shipper of tea will have to consider whether he cannot, nevertheless, send his ship to London to better advantage. The chances are, apart from geographical considerations, that London will afford a better return freight than St. Petersburg. London supplies the goods which the Chinese want in exchange for their tea; and to the extent that London can supply the external wants of China, London is the "clearing house" for Chinese foreign trade.

In the iron and produce trades there is no palpable clearing system, but nevertheless the clearing system is adopted to some extent insensibly but almost universally. As the best illustration which occurs let us take the market for pig iron. In Glasgow, for instance, there are central stores of pig iron called Connal's Warrant Stores. For every ton of pig iron deposited in these stores a warrant is issued. When a person buys pig iron, in nine cases out of ten he is delivered only a warrant for his money. It is possible, and indeed probable, that he buys on speculation, but that is not always the case. An iron manufacturer may have received orders to supply a certain quantity of rails, or hoops, or other forms of manufactured iron, and he knows that if pig iron costs him no more than the current price of the day, he can deliver the said rails or hoops at a profit; he accordingly buys so many pig iron warrants in order to cover his order, and does not actually take the iron until he requires it in his business; indeed he may not take the iron at all, finding that he can buy as he wants it to better advantage, but in any case he is protected by having secured the iron and thus guaranteed his profit. Under such conditions, it is obvious that pig iron is transferred from hand to hand without necessarily moving from the warrant stores already referred to. A parallel, incomplete, however, might be instituted between the stocks of pig iron in Connal's stores and the stock of gold in the Bank of England; in the one case warrants for the delivery of pig iron are circulated freely, in the other case cheques, being virtually warrants for the delivery of gold, are transferred by means of the Bankers' Clearing House. As regards pig iron warrants there is no clearing house, it may be repeated, but the iron is nevertheless cleared. The element of time is introduced in the clearing, and instead of speculator A exchanging warrants with speculator Z, A pays for his warrants in the beginning of the month, and sells them at the end, Z doing perhaps just the reverse. During the month Z has had claims on A, and A has had claims on Z, and these claims are virtually written off one against the other at the end of the period. The warrants are not cleared, but the iron is, in the sense that it lies motionless in store, and only the balance is taken away after all the transactions in warrants. In Mincing Lane there



are dock warrants, which, like the warrants for iron, obviate the necessity for the actual transfer of produce. So many chests of tea are bought for such and such a "Prompt," or date of payment, perhaps so many cwt. of coffee; when the prompt comes round the coffee is not necessarily moved, nor perhaps will the gross amount due on the special transactions be paid. Rather there will be a balancing of accounts. One broker will find that he has claims on another broker, while the other broker has claims on him; and the process of clearing is instituted all the same, although no central clearing house is established. When broker B has made out his account against broker C, C having done the same to B, it is just possible that there will be no difference; that is, no balance for the one to pay to the other. It is evident that the clearing system in the case of iron and produce cannot be brought to the same perfection as in cheques, or even stocks and shares. In produce there is not the exact similarity in the nature of the things cleared. A cheque is a cheque, there is no first or second or third-class cheque, but there is an infinite variety in the kinds of coffee transferred. Again there is not a fixed time for settlement as in the case of cheques or shares, or consols. That the system is there, however, enough has perhaps been said to show; that in time it will be further developed seems quite likely, and not undesirable where speculation does not already run to an extreme.

### *Summary of Illustrations.*

The various methods just reviewed, by which the clearing principle is, or can be applied in practice, divide themselves into three classes, each containing a contrast:—

1st. Those which do not involve separate bargains in each exchange, such as: the clearing of cheques, &c., on banks; of securities in the Stock Exchange; of claims in the railway clearing house; of letters and parcels in the central post offices. These are instances of organised and managed clearing. On the other hand appear those methods,—such as by which the Foreign Exchanges are conducted, as well as the transfers of pig-iron warrants, and the documents representing produce metals, &c., in public stores—which require a bargain at each transfer, and are automatic in their working.

2nd. Those which involve an immediate exchange, such being applied to the clearing of things similar in nature, and also to the purer forms of clearing. On the other hand those into which the element of time enters, the latter being applied mostly to the exchange, or clearing, in a common centre, of likes against unlikes.

3rd. Those which enable the transferors to dispense with the actual movement of the things transferred, they using tickets or

emblems instead. Contrasted with cases in which it is necessary to pass the balance of the property exchanged.

In all will be detected the five theoretical parties—two principals, two agents, and a central connector—to a clearing. As we have seen and shall see, however, illustrations can be given in which the business of buying and selling, of moving and transferring, goes on without the assistance of the clearing system, and often with an almost unaccountable absence of that assistance.

### *Negative Illustrations.*

We hear of great labour organisations, but they are social in their nature and combative in their ends. How much better it might be if the organising power so wasted were directed to improving the market for labour, and the speedy transfer to the most suitable spot of the surplus or balance. As this paper is rather commercial than industrial, I must perhaps not pause over this illustration of the lack of those elements of centralisation, co-operation and trust between buyers and sellers which go to make up an economical system of clearing.

One particular in which our modern arrangements for distribution are lamentably deficient now presents itself. A railway takes up travellers at one point and puts them down at another, does as little as possible in return for the fare paid, its servants resenting inquiry, and following the plan upon which their employers work, of giving the driest pound of flesh without extras. A bale of goods is treated better; it is labelled, packed in the right compartment, transferred from hand to hand until its destination is reached. Not so with a railway passenger, whose fare may be twenty times the amount paid for the parcel. He has to rush upstairs and downstairs to procure tickets; when he arrives in London, inquiries have to be made of surly, inattentive and perhaps ignorant porters, and after some shivering on a draughty platform or in the street, it is found that a cab must be taken to get to another station some miles distant; fresh time tables have then to be consulted, fresh tickets taken, fresh inquiries have to be made as to the proper train and its starting point, the number of changes to be made and so on. The want of a central "clearing house" for the lines terminating in London is a crying one. If the Post Office takes up the transmission of parcels thoroughly, this want in relation to the "through" carriage of goods will make itself felt in that department. Some hope may, therefore, be entertained that Government will interest itself in a central station for the easier exchange of goods and passengers between the railway termini of the metropolis.

To touch upon land is just now dangerous, and it is to be hoped this incidental allusion may not divert the thoughts of the meeting

to political or Irish questions; but the want of the means of transferring the titles of real estate in this kingdom is a standing blot on our reputation as a progressive and business-like nation. I must not be taken to advocate any wild reforms in land tenure, or the abolition of entail; but when I look at the prompt and ready method by which other valuables are exchanged, it is quite painful to contrast them with the delays, the uncertainties as to validity of title, the vexatious forms, the general worry and incompleteness attending the conveyance of landed property from owner to owner. As to the possibility of transferring titles by a mere ticket or other emblem, attended by a trifling charge for commission, as in the case of a stock exchange security, the thing is unheard of. When the advantages of the clearing principle are more widely understood, there can be no doubt that the voice of the country will sanction and even press for laws to facilitate the transfer of real estate. A beginning has been made by the establishment of a Land Registry in England, following upon that the Landed Estates Court in Ireland; but much remains to be done.

In each of these illustrations, the absence of clearing is the result of the non-employment of agencies, or of a defect in the central connecting link. It is perhaps not desirable to illustrate further the necessity, if a clearing is to be properly established, of having, besides the principles at each end, common agents and a thoroughly connected centre of operations. The five parties to the clearing must be the theoretically existent, and must be connected through their agencies and the centre.

### *Conclusion.*

The pre-requisite conditions of a good system of clearing are—

Co-operation.

Credit.

Centralisation.

Co-operation is so necessary that, even amongst competitors like the great London banks, it over-rides the natural desire of one to amend its position without reference to the others, and a highly refined organisation is the result. Is the hope justified that, at some future time, there will be an equally well-organised system for mutual protection and information? The Collie failures in 1875 showed how much co-operation of that kind was wanting amongst banks.

Credit in perfection is always desirable. If we look at the clearing systems which do not involve bargains, but simply organisation and co-operation among the members, it is clear that confidence has to be reposed by each in the whole body. If we consider those quasi-

clearings in which a bargain accompanies each exchange, it is equally clear that high credit is desirable. Hardly any bargain can be conducted without the placing of trust in some degree; bargains of the refined and complex kind involved when clearing operations are practicable require credit still more distinctly.

Mr. Chalmers, in his paper, read before this Institute last month, on the Codification of Mercantile Law, made the following remark: "Much difficulty arises in determining the legal rights and duties of parties to a bill, from the fact that a bill is a congeries of contracts, and that the contracts of which it is made up are often entered into in different countries, the laws of which are dissimilar. For instance, a bill may be drawn in one country, indorsed in two others, and accepted and payable in a fourth." Notwithstanding the chaos of laws on the subject, it is amazing how smoothly foreign bill transactions work. Someone here may be able to state within a little the average proportion of "hitches" to the total number of foreign or Anglo-foreign bills passing; but I am convinced it is very minute. The truth is, such bills are based on the trust which business-men know to a hair's-breadth is deserved by those from whom they take bills. Laws, necessary in the last resort, are very secondary matters. One of the first essentials of international "clearing" by means of bills is this state of justified trust or credit amongst the parties.

That a good centre of operations is nearly always necessary will, probably, be granted after the illustrations given. Once established a centre of exchanges, whether of likes or of unlikes, grows. The metropolis is the most striking instance of this tendency of great centres to attract exchanges. London is the acknowledged centre for money. Capital accumulates in the provinces and abroad, but agencies are opened for its employment in London. It is to London that enterprising spirits come if they want capital; it is London where loans are borrowed, and debts are paid off with the proceeds. It was in London that a great part of the French indemnity to Germany was settled. It is remarkable that when once a trade has taken up head quarters, there it remains, usually, as long as the trade itself exists. Apparently no power can be set to work to remove Billingsgate, or Covent Garden markets. It was simple coercion which sent the butchers of Newgate market to Smithfield, only a few hundred yards distant. The antiquity of Mincing Lane as a centre of dealings in Colonial produce is considerable, and no one contemplates the possibility of supplanting it. Wood Street, Cheapside, is the head quarters of wholesale drapery trades. Insensibly the facilities for interchange grow up around such centres. Therefore, the better the centre the greater the facilities.

Physical science is making such extraordinary strides, that central-

isation is growing ever more practicable. Von Moltke, in 1870 held in his hand the reins of the whole victorious German army. It is now not uncommon to find the manager of some great house of business seated amongst a circle of speaking tubes, telephones, &c., receiving telegrams incessantly, dictating telegrams in return, himself an embodiment of the great clearing principle we are discussing. I am convinced that business is steadily tending to common centres. The facilities for centralising are being continually extended, the desirability of centralising transactions cannot be questioned.

The American seems to be the character most suited to the adoption of centralising and clearing principles. While we possess a bankers' clearing house in London and one in Manchester, the Americans have organised one in every important city of the United States. Notwithstanding the immense distances to be traversed, they are so alive to the economy secured by centralisation that supplies of produce can be obtained with astonishing readiness. Their statistics of stocks, supply and exports of cotton, grain, &c., are a marvel. The necessary information as to these stocks, like the produce itself, is accumulated in a common centre, and at once distributed.

The kind of power which organises the proper system of economy in distribution is different from what is known as Yankee acuteness, or even inventive skill. The mind which possesses organising power which can grasp all material existing facts, and is open to new impressions has the character required.

One word, finally, as to the possible evils of elaborated clearing systems. It may be said that they tend to make us stand and fall together, that we become too inter-dependent, that the rotting of a part may expose the other parts to collapse. These seem, however, to be objections only when too much reliance is placed on clearing machinery, and the system has, in no case that I know of, broken down through a too ready or careless reliance being placed upon it. On the contrary, it seems to have been but too little recognised, seeing—and this paper is from beginning to end an attempt to make them seen—the advantages of the clearing system when applied, however imperfectly, to exchange and distribution. It has been extremely successful in practice. I must confess, however, to being doubtful whether it does not produce an excess of gambling. It is often said, on the Stock Exchange for instance, that the clearing house for stocks is only useful for pure speculators, in plain terms gamblers. The exchange of symbols, and not the valuables themselves which are dealt in, perhaps, blinds those engaged to the real magnitude and nature of the liabilities they incur. In truth, there is, probably, in America more market gambling than in any other country, and there the clearing facilities are as much developed as the state of credit in such a brand-new country will

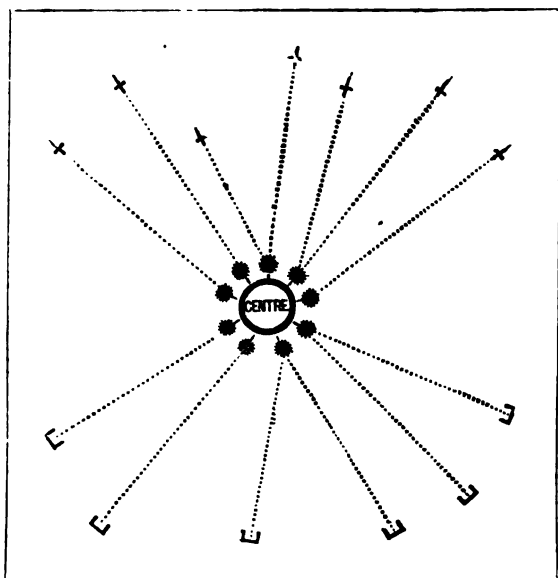
permit. In backward countries, such as Ireland, Norway, &c., the clearing facilities are little refined, and the speculative commercial spirit is also not feverish. Gambling apart, however, we shall, probably, all agree that "clearing" facilities for exchanging, settling, and passing on from the producing to the consuming stage deserve recognition and cultivation as making easier the work of the whole commercial machine.

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## APPENDIX A.

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**DIAGRAM** showing the relative positions of the five theoretical parties in a clearing, and their connection through a common centre.



- ✕ Transmitting principal or principals.
- Receiving principal or principals.
- \*\* Agents of each principal.

## APPENDIX B.

## RAILWAY CLEARING HOUSE.

As the Railway Clearing House is probably the most complex and elaborate of any in existence, it may be well to append a few particulars. According to a little book published by Sir Francis Head, in 1855, "The true object of the London Railway Clearing House is to enable the railway companies of the United Kingdom who are parties thereto, to work that enormous traffic, in which they have a common interest, with as much security to themselves, and with as little inconvenience to the public, as if all the associated companies were one; and it is evident that in no way could this important object have been effected except by the establishment of an office which, based on principles of complete centralisation should be—as the London Clearing House really is—independent of each company, but under the common control of all." A pamphlet which bears a kind of official stamp, and is certainly reliable, was issued in 1876 on the Railway Clearing House: its object, work, and results. According to this authority, there are four departments, besides minor sub-departments, and the first of these four is that of

**MERCHANDISE.**—This department takes cognisance of goods or cattle which are booked to places on other lines of railway than that from which they started. The payment is made in one lump, but a subsequent settlement is of course necessary amongst the lines. The Clearing House undertakes this settlement. It is supplied from the stations with monthly returns of such traffic, showing the weight of the goods, whither carried, whether to include collection and delivery, or simply the distance from station to station. Next, the amounts paid out at the forwarding station, and to pay at the receiving station. Next, the owners and numbers of the waggons in which the traffic was conveyed, and so on. The division of receipts having been completed by arrangements too minute to notice here, the next process of the clearing department is to make up monthly accounts for each Company. Bad debts, losses, damages, or delays, and other irregularities are all reckoned in this monthly account.

**2. PASSENGERS AND PARCELS.**—This is not so complex or important a department as that of goods. The particulars of money received by each Company and due to others are made up by the clearing, and various checks and safeguards of the most ingenious character are adopted, the chief of which is the comparison of tickets collected with the accounts at the booking offices. As to parcels, the new arrangement of the Post Office will probably take



a good deal of the business out of the hands of the Clearing House, the stamps which are to be employed going a great way to regulate these matters automatically. It is stated that Mr. Fawcett is about to propose a parcel post at uniform rates regardless of distance. The charge up to 2lb. is likely to be 6*d.*, between 2lb. and 4lb. 1*s.*, the payment in each case being made by stamps. The railway companies will carry and the Post Office will collect and deliver, and the receipts will be divided equally—one-half to the Post Office and the other half to the carrying companies.

3. **MILEAGE.**—This department deals with the rolling stock of each Company when it passes from the parent line, and apportions the charges due to the other lines over which it passes. It takes into account the earnings of rolling stock on "foreign" lines. It records where it goes and the nature of the traffic. The information upon which the Clearing House go, is supplied principally by their own staff, stationed in every part of the kingdom, checking, and checked by the railway companies themselves. At every point at which important traffic is exchanged, a servant of the Clearing House takes numbers, examines each train passing, and forwards to the head office particulars of the station, route, and destination. The department employs about 280 clerks, five inspectors, and upwards of 500 number-takers under one chief clerk.

4. **LOST LUGGAGE.**—This is little more than a central storage place for the stray luggage of all railways, but its use is, no doubt, of the greatest. The following statistics are supplied by the pamphlet already referred to:

"The annual amount of money cleared is now something like sixteen and a-half millions, represented by the payment of less than two millions as balances.

"The number of 'settlements' made yearly by the 'merchandise' is about two millions, with five and a-half millions of entries, and the 'coaching' or passenger entries are something like three and a-half millions.

"The number of miles charged through the mileage department per annum is about four hundred and thirty-nine millions; the number of days upon which demurrage is charged is upwards of one million, involving yearly nearly twenty-nine millions of entries.

"The 'lost luggage' department in one year looks after about 23,000 declared losses, and record reports, many, of course, having reference to the same thing, of something like 347,000 articles."

The Railway Clearing House is incidentally useful in determining the precise proportion of passenger-duty which the companies have to pay. It acts also as a kind of police in securing the preservation of order.

## DISCUSSION ON MR. ELLIS'S PAPER.

**THE CHAIRMAN** (Mr. Richard B. Martin): Mr. Ellis, in his interesting paper, has placed before us with new force many questions with which we are not all cognisant. He has gone into the system of clearing as applied to trade very fully, and has possibly trenched a little upon that which is not strictly clearing, but may rather be called distribution. He has pointed out quite clearly that the clearing system is not by any means complete, and it must be obvious to us here that the bankers' clearing system might be developed to a still larger extent. It was all very well when the whole of the banking business was conducted within the City of London and one or two banks in Fleet-street or the Strand, but now that the system of banking has radiated through all parts of the metropolis and there are banks in every suburb, I think we may look forward to the day when an extension of the clearing-house in Lombard-street may be called for. Since I was last in this hall I have been in the United States. I visited several of the banks and learned something of the system of clearing in New York, Chicago, and Boston, but as I had only a few days to spare I was not able to master all the details. They vary in the different centres of trade, and the systems differ in many points from that established in London. I should have been glad if some gentleman who is more intimate with the arrangements prevailing there than I am could have explained them to us this evening. I think it would also have been an advantage if we could have had an account in some detail of that great system of clearing known as the Railway Clearing-House, a system not less important than our own, and dealing with transactions of enormous magnitude. I am glad that Mr. Ellis has alluded to a system of parcels post. Whoever takes it in hand will supply a want much felt. An easy system for the transmission of small parcels would, I believe, be very remunerative, and a great convenience to the general public. Connected with that is another institution to which Mr. Ellis has alluded, and which I hope we shall see more used than at present, that is, the telephone. I was very much struck with the great use of it in America, where it is largely used in common life, and seemed to be of every-day use. Another subject which Mr. Ellis has touched upon opens up the great question of the distribution of labour as applied to the land. The emigration agencies of the various colonies in London have done a good deal to interchange and to take away the surplus population from one part to fill up deficiencies in other lands, and no doubt more still might be done; but it is rather a question of political economy more within the domain of politics.

than of the subjects dealt with in our institution, although the statistics relating to emigration and the interchange of the population between one country and another indirectly affects us very much. In regard to a central railway station, Mr. Ellis is no doubt aware that when first railways were introduced into England a proposal was made to erect a large railway station in the centre of London. The idea was, to appropriate a large space between Christ's Hospital and Smithfield, and to form there one great central station to which every railway should have access. That scheme never came to anything, and its failure has produced some advantage and some disadvantage; but I am afraid the experience of the large stations in London now, in times of fog or anything of that kind, would render it an utterly hopeless idea, and that it would possibly lead to inextricable confusion rather than facilitate locomotion.

Mr. STEPHEN BOURNE: This paper has shown us that the system of clearing adopted in banking is manifestly applicable to a variety of other matters. I was rather more interested in the latter part of the paper than in the previous portion, because I look upon it as referring rather to economical questions than in any other light. Great as is the advantage of the clearing system as applied to banking transactions and others, I wish Mr. Ellis had been a little more detailed in regard to his application of it to the interchange of commodities, or, as he said, "likes and unlikes." That is a point on which I should like more enlightenment. No one can have any doubt as to the economy of "clearing," and the position of our country absolutely requires economy of labour. Our prosperity very much depends on the practice of economy; and the economy of labour and economy in the interchange of goods are two of the most important features in the progress of our trade. But the matter is not altogether an unmixed good. There are evils attending it, as is the case with many other facilities. In the case of a man with a feeble digestion, it may be of advantage for him to have also a good cook who can make the viands palatable and put before him food in the most facile form for assimilating into his system, but that may also have a corresponding disadvantage, because it is liable to lead the man to overload his stomach. So we may say of the clearing system, that it has an evil influence in promoting speculation, or, to call it in plain terms, gambling. Take the instance mentioned in regard to the cotton transactions in Liverpool. Mr. Ellis speaks of 50 or 100 transactions taking place on the same bale of cotton, and points out the marvellous simplicity by which these operations are settled. I, for one, should say that if we could fall back to the parties spoken of by Mr. Ellis as necessary between the importer and consumer, instead of passing it through the 210 connected with dealing on this parcel of cotton, it would be a national benefit, because after

all what does clearing too often do? It promotes a vast number of unnecessary transactions. The great evil of the system is, that not the goods, but the symbols of the goods pass from hand to hand in a way which is not at all advantageous, and if we could sweep off all the 210, except 5, or possibly 10, of them, we should prevent that which is an unmitigated evil. This is a point that commends itself to an economist rather than to business men, but it must not be lost sight of, for such is our position in this country at the present moment, that we produce an immense amount of distress and evil by the number of intermediaries that come between the producer and consumer. It is quite clear if the 210 transactions took place in this parcel of cotton, that in 208 of these transactions there must have been gain or loss. Thus, between the first importer and the ultimate consumer, with perhaps the exception of one or two who might be interested in passing the goods from one to the other, there must have been a clear loss of labour, and it is that sort of thing which is destructive to the trade of our country. It is the spirit of gambling from which this originates, and clearing strongly foment that spirit. I should like to see the absolute transfer of goods from one to another facilitated in every way, but the facilities for carrying on gambling appears to me a great evil indeed, and I cannot help thinking that our business transactions are in great danger from the spread of this spirit. In every transaction there are too many hazards and too many agencies employed between the first producer of the article and the ultimate consumer, and it is that which leads to such an expenditure of force, and creates a dead weight which I believe is destined, if not checked, to injure our trade. If those minds and intellects and hands which are employed in thus striving, not to create wealth and not to facilitate the transfer of wealth, but to get something which some one has already acquired, and thus appropriate the proceeds to themselves, could be eliminated from these transactions, our country would come to be in a more prosperous condition than it is.

MR. JOSEPH B. MORGAN (Liverpool): The preceding speaker has spoken in regard to gambling transactions in cotton; but I hardly think he thoroughly understands the nature of those transactions, and I should like to ask him whether, if he bought 100 bales of cotton in the month of January which would not arrive here for three months, and a day or two after they showed a profit, he would not consider himself at liberty to sell them. That is the origin of these contracts to arrive. A shipper in America buys cotton from the planter or factor, but probably does not ship it for a fortnight, and meantime he sells it to get rid of its liability. The cotton is shipped; but before it arrives here violent fluctuations, caused by the money-market or other circumstances, may have influenced the value. By the time the cotton arrives, it may have

been bought and sold, some 5, 10, 20, or even 210 times. That is, I think, a thing we cannot stop. It is quite a natural transaction, and it does not affect the consumer, because the consumer comes to the market and buys the quantity he requires. If the importer has bought it at a high price, he may have to sell it at a low price, and there is nothing illegitimate in making a sale at a loss. I think it will be admitted that it is better that great fluctuations should be borne by 210 people than by one person, to whom it might be ruin. When the market goes up the man who has got cotton thinks he is coming to life and tries to gamble. Now, I have a sample in my pocket of what the old transaction used to be in Liverpool, and I thought it might be useful on this occasion to show it. [Mr. Morgan here exhibited two strips of paper, each several feet in length, with signatures all the way down on each side; these, he explained, represented shipments of cotton, which had been a long time on the water.] This system involved an immense deal of trouble, to obviate which I initiated in Liverpool a new system, known as the Cotton Brokers' Bank, of which the principal details have been given by Mr. Ellis, and of this system I consider I am the inventor. Instead of having these papers endorsed and handed about, causing a great deal of loss of time—for documents like these could not be passed through for three or four days—we have this one. [Forms exhibited.] Now, this is the one for the 210 transactions mentioned by Mr. Ellis, and here is another for 180 transactions, representing the same cotton sold 180 times. These are cleared in a very simple manner; they are passed from hand to hand in the room by endorsement, a fee of 1s. being charged on each 100 bales of the value of about £1,200. The original value was £1,222 and the loss or profit on it was £6,600. The other one represented a value of £1,172; and the last buyer had to pay about £1,208. 9s., so that there was only a small difference of £30 between the first shipper and the consumer, if the last payer was consumer. In the first instance, where the value was £1,222, the last buyer paid £1,238. 18s., showing only a difference of £16. By this process the prices are put down without a single book or paper being retained in the clearing-house or bank, and it is done in about half-an-hour. In one day I cleared £6,000,000 and settled the matter over the counter in thirty-two minutes. The forms which I have here are very simple, and any gentleman can see them. One of the main features of the system is that we do not pass valuable documents between each other. The Cotton Brokers' Bank is a paying institution, and I think it is worked in the most economical manner. It not only hands the cotton from the first to the last purchaser, but the actual cotton to every one, and the holder is responsible for passing on the cotton. I think this system would be equally applicable to other branches,

especially the underwriters of fire insurances, or, for instance, corn, but especially the underwriters' business, where the settlements are once a month. If they worked on this principle I think there would not only be an economy in the use of notes and gold, and the saving of passing a valuable document, at a cost of a penny each time, which is of itself of some moment, when you have a great number of transactions.

Mr. McKEWAN: It appears to me this question, as Mr. Bourne remarked, assumes rather the form of one of political economy than one which I understood to be a clearing-house question, in the ordinary acceptation of that term. It is now a question of distribution. I have listened with some attention to the explanation of Mr. Morgan on his clearing-house system at Liverpool, by which 50 or 100 bales of cotton may pass through 150 hands before it comes to the consumer. The only conclusion I can come to is the conclusion at which Mr. Bourne arrived, viz., that it gives an admirable facility for an enormous amount of gambling. It is no doubt very much the same sort of dealing as we have on our own Stock Exchange, where gentlemen buy and sell very large amounts of consols or other securities, and never have the consols to deliver or the slightest idea of taking up the stock and paying for it. So I imagine that people who buy this cotton and pass it on have no idea of taking, delivering, or bringing it into consumption, but they fancy they can make a profit, and no doubt sometimes they do; but, on the other hand, in a large number of transactions there will be some losses in the end; therefore this cotton clearing-house seems to me to give a great facility for an immense amount of gambling, and that is one of the dangers which Mr. Ellis pointed out as likely to result from too great an extension of this system being given for the passing of transactions which are not real transactions. I could not follow the line of argument that Mr. Ellis has adopted with reference to the exchange or clearing of merchandise—the clearing of likes against unlikes. We know, as a matter of fact, that we cannot set tea against cotton, or corn against petroleum. It would not suit the merchants who deal in these things that they should set one off against the other and settle the balance; and I do not think that we, as bankers, would like that, because we should have bills very much scarcer in our market than at present. When a merchant sells his goods on credit he draws a bill, and if he wants to turn that bill into money he gets it discounted, and when the bill becomes due it comes under the operation of the clearing-house legitimately for settlement, and I cannot follow the way in which “likes and unlikes” are to be set off one against another, nor do I understand how the system by which you may go and buy grain at Chicago, and have it shipped in the most economical manner to any part of the world,

can really come under the term of clearing. It is a process of distribution. I think we must keep our minds clearer as to the terms we use. The same remark I might apply also to the Post-office. The Post-office is an enormous establishment for the purpose of distributing, but there is no exchange, in the ordinary acceptance of the term, there. It is a great centre, and solely for the purpose of distribution. I will not pretend to follow the paper right through, though it is exceedingly interesting, and gives a great amount of information. Useful as the London Clearing House has been, we should all be glad if Mr. Morgan would take in hand the West-End clearing also. I am afraid we in London have none of us the time or ingenuity to bring the various conflicting interests together to promote the amount of co-operation required. I believe there is perfect confidence, but not that great amount of co-operation which would be necessary to extend the City of London clearing to the clearing of the West-End banks. Still there is no doubt it must some day come. Schemes have been promoted from time to time, and various modes suggested, but I am not sure that any one of them has assumed a form at all practicable.

Mr. JOSEPH B. MORGAN: I do not for a moment pretend to say that gambling is not carried on in cotton, but I am strongly against it. Under the use of the old form of lists, before the Cotton Brokers' Bank came into existence, gambling was far greater than now, because delays were more frequent, and men could put off payment for an indefinite time, therefore men who wanted to gamble and did not want to pay had a large scope indeed. No doubt it is a great evil in the country, but you may as well object to public-houses as to gambling; you have, however, legislation to reduce those evils to the smallest amount possible. I take it that the clearing-house I have originated does that also, because it is summary in its action, and quick, so that where there used to be twenty failures in Liverpool, I think there have not been in the last twelve months more than one or two. Hardly anyone will dare to become responsible, unless he possesses the necessary funds, because the action taken is such that where it is notified that he has to pay, the notice is put up from 11 to 2 o'clock, and he is only given to the next day at 12 to find the sum required.

Mr. JOHN B. MARTIN: When I heard this interesting paper, I felt rather in the position of the gentleman in Molière's play, who found that he had been talking prose all his life without knowing it. I was not aware that we were so constantly being cleared, in one shape or another. I say nothing about our own bankers' clearing-house, because we all know, or suppose we know, all about that; nor will I say much about the provincial clearing system. But it is remarkable that Liverpool should have been so backward in its

settlement of bargains, and that merchants should be running about there with bank-notes in their hands to make their payments. I should like to know whether this is due to the fact that country bankers make a charge for every entry to the debit of their customers, and so discourage the drawing of cheques—a system which we London bankers can hardly appreciate or approve; but, possibly, that system was caused by the wish to keep their own notes in circulation, and develope that circulation. Then we have the Stock Exchange clearing. I am sorry we have not heard this evening any authoritative statement of the working of that Stock Exchange clearing; but with regard to the settlement of securities not transferable to bearer, I believe I am right that it has caused little short of a revolution within the walls of the House. Then we have the railway clearing-house, with whose working none of us, I think, are very familiar; but it is an admirable institution, and I think leaves scope for a paper to be read before this society, which we shall be glad to listen to. When we come to produce, I agree with Mr. McKewan that we have not got a clearing of likes against unlikes. You cannot, on the Stock Exchange, place Caledonians and Brightons against Turks and Spanish; but you must settle Turks against Turks, and Spanish against Spanish. So with corn, coffee, and cotton, and petroleum. A system of grading, I have no doubt, is one of the greatest assistance to commerce, but I do not think it is a clearing in the legitimate sense. Then we have the Post-office, and here I agree with Mr. McKewan, that the Post-office is not a clearing in the ordinary sense of the word. A clearing is a settlement of differences. Probably, most of us write thirty letters a month to one correspondent, and get thirty answers in reply. If the clearing-house take our letters and deliver us the answers, I do not see how we get much balance out of that. I cannot agree with Mr. Bourne as to the evils engendered by facility for speculation. I took the liberty of saying in this hall some months ago, in referring to the Limited Liability Act of 1862, that if limited liability encourage bubble companies, it would be better to retain the law than to put restrictions on legitimate transactions. If by grading cotton, corn, and petroleum; and if, by such a clearing-house system for cotton as they have at Liverpool, facilities are given for legitimate commerce, I think it is better so than to stop speculation and hinder sound business. I am not prepared to destroy the trade of speculators for the sake of the five just persons whom we see indicated in Mr. Ellis's diagram.

Mr. ELLIS, in reply: We have had a profitable discussion on many points, whatever the origin of it. The want of efficiency which I gather that Mr. Martin detected in American bank-clearing may be owing to the undeveloped commercial credit in that country.



Mr. Bourne has referred to speculation and unnecessary intermediaries, and Mr. Morgan has, perhaps, replied sufficiently. I would add that, although the question of speculation is apart from the present subject, it may be that the uses of intermediate dealing are sometimes considerable, as in pig-iron. As I have endeavoured to explain, pig-iron warrants are sometimes dealt in for the express purpose of guarding against wild fluctuations, and bought—speculatively if you will—on the part of those who have contracted to supply manufactured iron; and they take pig-iron warrants in order to protect themselves and others from the effects of those very fluctuations. With regard to the transfer of Consols, it is very often the custom of people who have liabilities open depending on the rise of the stock markets to sell Consols in order to hedge, and as a protection against any unforeseen violent political catastrophe. But whatever may be the morals of speculation on the Stock Exchange, the fact is that failures are remarkably few, notwithstanding the immense speculations that go on. Mr. McKewan and Mr. Bourne have referred to the vagueness of my allusion to likes being cleared by unlikes. It may be remembered that money is only a means of interchange, and in the end “likes” are exchanged against “unlikes.” In a centre where money passes, the differences are perhaps paid in money, and theoretically a principle of clearing is at work, though I do not suppose in practice it is possible for persons to bring what they have to exchange into a centre in order to exchange against unlikes. Some advanced economists, however, think that money is a barbarism; that we ought to do with a passing of credit and without the passing of money; and if such a millennium were reached, of course there would be more palpable, and perhaps more direct, exchanges of unlikes in a common centre. I regret I cannot at the moment bring up any good illustration of the likes and unlikes being so cleared. [A paragraph in the foregoing paper on the application of clearing to trade transfers, which was not read at the meeting through consideration for time, may throw light on the question.] As to the Post Office it has been said there is no exchange, and that while it may be called a clearing-house, it is not in reality so. I would refer you to the diagram which, you may imagine, represents a collection of letters from the upper spots and their delivery to a central point; while, again, from the centre the letters are taken by an agent who delivers them to the spots on the lower side. The agents of the Post Office exchange their letters in the centre. There is thus an exchange between the agent who transmits these letters and the agent who receives them, and that is my excuse for calling the Post Office a clearing-house.

A vote of thanks to Mr. Ellis for his paper then closed the meeting.

## POSTAL ORDERS.

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REFERRING to the observations which have appeared from time to time in the *Journal of the Institute* relating to the restrictions on the payment of Postal Orders when presented through a banker, but not imposed when presented at post offices by the public, the Council, after carefully considering the whole question, prepared the following Memorial to the Postmaster General.

This Memorial has received a most gratifying measure of support, as evidenced by the appended list of signatures, which represent the leading bankers throughout the United Kingdom. It was communicated to Mr. Fawcett in a letter from the Secretary on the 24th March.

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### MEMORIAL ON POSTAL ORDERS, PREPARED BY THE INSTITUTE OF BANKERS.

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*To the Right Honourable HENRY FAWCETT, M.P., Postmaster General  
for the United Kingdom.*

#### THE MEMORIAL OF THE UNDERSIGNED BANKERS,

SHEWETH, That your Memorialists, being engaged in banking business, desire respectfully to call your attention to the disadvantages which the Regulations issued in December last, under the "Post Office (Money Orders) Act, 1880," impose upon that portion of the public who keep banking accounts.

Under the 5th Regulation, a delay of two to three days at least takes place, in the case of postal orders presented through a banker, between presentation and encashment; whilst under the so-called "express arrangement" an uncertainty as to their ultimate payment exists for a period of ten days.

From these manifest disadvantages of delay and uncertainty the ordinary presenters of postal orders are entirely free. As shown in the answer given to Sir Andrew Lusk's question on the 22nd February last in the House of Commons, the Post Office, whilst interposing the restrictions referred to in the case of postal orders which possess in their "crossing" several safeguards and obvious facilities for tracing, pay them on demand to absolute strangers, from whom, in the case of irregularity or fraud, there can be no hope of recovering the amount.

That your Memorialists have carefully observed a reply given to a question addressed to you in the House of Commons on the 21st January, in which it was stated that the Clause inserted in the Bill at the instance of the Member for the University of London, on behalf of the bankers, creating an exemption from liability which did not exist with regard to the old money orders, necessitates a regulation empowering the Post Office to examine postal orders presented for payment through a banker.

Your Memorialists, however, venture to point out that this exemption was claimed in view of the wide difference which exists between the two classes of orders—the one being practically a promissory note payable on demand at any post office, and the other being surrounded with special precautions against fraud or irregularity; and they fail to see any reason why this exemption should so operate as to place the one class of holders of postal orders who present them through a recognised and respectable channel, under disadvantages from which others who present them directly are entirely free.

Your Memorialists pray that you may see fit so far to modify the Regulations in question, that the restrictions which have been referred to maybe removed, and that bankers and that portion of the public who present their postal orders through bankers, may be placed on the same footing as others who present them directly to the Post Office.

March 24, 1881.

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#### LIST OF SIGNATURES TO THE FOREGOING MEMORIAL.

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##### PRIVATE BANKS (London).

Barclay, Bevan, Tritton and Co.	Herries, Farquhar and Co.
Barnetts, Hoares and Co.	Hill and Sons
W. and J. Biggerstaff	Charles Hoare and Co.
Bosanquet, Salt and Co.	Charles Hopkinson and Sons
Brooks and Co.	Lacy, Hartland and Co.
Brown, Janson and Co.	Martin and Co.
Child and Co.	Praeds and Co.
Cocks, Biddulph and Co.	Prescott and Co.
Coutts and Co.	Ransom, Bouverie and Co.
Dimsdale, Fowler, Barnard and Co.	Robarts, Lubbock and Co.
Drummonds and Co.	Samuel Scott and Co.
Fuller, Banbury and Co.	Smith, Payne and Smiths.
Glyn, Mills, Currie and Co.	R. Twining and Co.
Goslings and Sharpe	Williams, Deacon and Co.

JOINT STOCK BANKS (London).

Alliance Bank, Limited.	London and South Western Bank, Limited
Capital and Counties Bank, Limited	London and Westminster Bank, Limited
Central Bank of London, Limited	London and Yorkshire Bank, Limited
City Bank, Limited	Midland Banking Company, Limited
Consolidated Bank, Limited	National Provincial Bank of England, Limited
Imperial Bank, Limited	Royal Exchange Bank, Limited
London and County Banking Company, Limited	Union Bank of London
London Joint Stock Bank	
London and Provincial Bank, Limited	

PRIVATE BANKS (Country).

J. Backhouse and Co., Darlington	Miles, Cave, Baillie and Co., Bristol
Bacon, Cobbold and Co., Ipswich	Samuel Smith Bros. and Co., Hull
Beckett and Co., Leeds	Samuel Smith and Co., Nottingham
Berwick and Co., Worcester	Sanders and Co., Exeter
William Williams Brown and Co., Leeds	Sharples and Co., Hitchin
E. B. and G. E. Foster and Co., Cambridge	Smith, Ellison and Co., Lincoln
Garfit, Claypon and Co., Boston	Sparrow, Tufnell and Co., Chelmsford
Gurney and Co., Norwich	Wilkins and Co., Old Bank, Brecon
Hall, Bevan, West and Hall, Brighton	Williams and Co., Chester
Harris, Bulteel and Co., Plymouth	R. and R. Williams and Co., Dorchester
Lambton and Co., Newcastle-on-Tyne	Woods and Co., Newcastle-on-Tyne
Leyland and Bullins, Liverpool	

JOINT STOCK BANKS (Country).

Birmingham Banking Company, Limited, Birmingham	Bradford Old Bank, Limited, Bradford
Birmingham, Dudley and District Banking Company, Limited, Birmingham	County of Gloucester Bank, Limited, Cheltenham
Birmingham Joint Stock Bank, Limited, Birmingham	Cumberland Union Banking Company, Limited, Carlisle
Bradford Banking Company, Limited, Bradford	Devon and Cornwall Banking Company, Plymouth

Dumbell's Banking Company,  
 Limited, Douglas, Isle of Man  
 Gloucestershire Banking Com-  
 pany, Gloucester  
 Halifax and Huddersfield Union  
 Bank, Halifax  
 Halifax Joint Stock Banking  
 Company, Limited, Halifax  
 Huddersfield Banking Company,  
 Huddersfield  
 Hull Banking Company, Limited,  
 Hull  
 Isle of Man Banking Company,  
 Limited, Douglas, Isle of Man  
 Lancaster Banking Company,  
 Lancaster  
 Leicestershire Banking Com-  
 pany, Limited, Leicester  
 Liverpool Union Bank, Liver-  
 pool  
 Lloyd's Banking Company,  
 Limited, Birmingham  
 Manchester and County Bank,  
 Limited, Manchester  
 Manchester and Liverpool Dis-  
 trict Banking Company,  
 Limited, Manchester  
 Manchester and Salford Bank,  
 Manchester

North and South Wales Bank,  
 Limited, Liverpool  
 Northamptonshire Banking  
 Company, Limited, North-  
 ampton  
 Nottingham and Nottingham-  
 shire Banking Company,  
 Nottingham  
 Parr's Banking Company,  
 Limited, Warrington  
 Sheffield Banking Company,  
 Limited, Sheffield  
 Sheffield and Rotherham Joint  
 Stock Banking Company,  
 Limited, Sheffield  
 Stamford, Spalding and Boston  
 Banking Company, Limited,  
 Stamford  
 West Riding Union Bank,  
 Huddersfield  
 Wilts and Dorset Banking  
 Company, Salisbury  
 Worcester City and County  
 Banking Company, Limited,  
 Worcester  
 York City and County Banking  
 Company, York  
 Yorkshire Banking Company,  
 Limited, Leeds

#### SCOTCH BANKS.

Aberdeen Town and County  
 Banking Company  
 Bank of Scotland  
 British Linen Company Bank  
 Caledonian Banking Company  
 Commercial Bank of Scotland

Clydesdale Banking Company  
 National Bank of Scotland  
 North of Scotland Banking  
 Company  
 Union Bank of Scotland

#### IRISH BANKS.

The Governor and Company of  
 the Bank of Ireland  
 Belfast Banking Company  
 Hibernian Joint Stock Bank  
 Munster Bank, Limited

National Bank  
 Northern Banking Company  
 Provincial Bank of Ireland  
 Royal Bank of Ireland, Limited  
 Ulster Banking Company

## THE MONETARY CONFERENCE.

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In view of the approaching Monetary Conference on Bimetallism, which is to open at Paris on the 19th inst., a reprint of the English official text of the draft resolution to be submitted to the Conference by France and the United States is now appended.

“1. Whereas bimetallism, or the monetary system which consists in simultaneously coining any quantity of gold and silver on the footing of a legal ratio between the weight of the monetary unit in gold and the weight of the same unit in silver, had always been practised, and that only since a few years has it ceased to operate in any part of the world.

2. Whereas, during nearly a century the principal Continental mints had coined at the legal ratio of  $15\frac{1}{2}$  all the quantities of gold and silver presented for coinage, whereby alone, whatever the vicissitudes in the production of gold and the production of silver, the relative value of the two metals was necessarily fixed in the entire world at the par of  $15\frac{1}{2}$ , nobody in any country agreeing to part with either gold or silver at a less advantageous ratio than that which it was known could be realized in Europe at the mints which were bound at the rate of  $15\frac{1}{2}$  to convert into coin having legal currency without limit of amount all the metal they were asked to coin.

3. Whereas, by this universal par of value between gold and silver the monetary material of the entire world formed a single mass as homogeneous as if it had been composed of a single metal, but with this evident and very important superiority, that its paying power was much more stable than would have been the paying power of gold disjoined from silver, or of silver disjoined from gold; and this because the greater or less stability of that paying power depends on the greater or less regularity of monetary production, because the production of gold is very irregular, also that of silver, while the joint production of the two metals valued at the legal ratio is quite sufficiently regular.

4. Whereas, the above-mentioned universal par between the value of the two metals was of the greatest service to countries subject to monometallism, such as gold monometallic England and silver monometallic India, which countries, owing to that par, could mutually settle their pecuniary dealings with almost as much facility and certainty as if they had one and the same metal as common money.

5. Whereas, as soon as silver was no longer freely admitted to coinage by the States which had previously been bimetallic, the universal par of value between the two metals necessarily disappeared; and inasmuch as through that disappearance the bimetallic and homogeneous material possessed by the world was decomposed into two monometallic materials heterogeneous to each other—the material gold, the sole metal admitted to free coinage in Europe and America, and the material silver, the sole monetary metal in Asia, a twofold monometallism, which has rendered the commercial and financial relations between the two halves of the world almost as complicated and hazardous as if the exchanges between them were made by barter.

6. Whereas, moreover, the States of the Continent of Europe and the United States of America, while admitting gold alone to free coinage, are encumbered with coinage silver, and the silver coins of one country cannot be converted into money in other countries unless in Asia, but then undergoing all the loss resulting from the difference between the ratio at which such silver has been coined with regard to gold and the much smaller ratio of gold realised on disposing of silver for an Asiatic destination now that the universal par no longer exists, a ratio which would become smaller and smaller if the offers for sale of silver happened to be resumed and continued.

7. Whereas, it is, in fact, impossible to withdraw from circulation and get rid of the coined silver, not only because of the terrible fall which the Asiatic exchange would experience and of the enormous losses which would have to be borne, but also because of the immense void such withdrawal would leave behind it—a monetary void which could not be filled either with the present gold, which has already its use, or with the future gold, which has not yet issued from the mines in general, and that chaos extremely prejudicial to the interests of all nations without a single exception, is solely attributable to monetary laws now in force in Europe and the United States, and cannot be put an end to except by reverting to bimetalism.

8. And, whereas, such reversion to bimetalism and the adoption of the ratio  $15\frac{1}{2}$  by a preponderating group of nations would have the immediate effect of re-establishing on a very solid basis the old universal par of value between the two metals, of enabling Europe without any loss to employ its old silver crowns in paying America, and reciprocally of enabling the United States, when their balance of trade allows it, to pay Europe with silver from their mines; and, lastly, of making silver a universal money, while retaining gold on the footing of  $15\frac{1}{2}$  as European and American money. Now, therefore, actuated by all these considerations, the American, French,

&c., delegates have resolved by common accord to submit to the ratification of their respective governments the following convention:—

Article 1. The United States of America, the French Republic, &c., form themselves into a bimetallic union on the terms and conditions hereinafter stipulated.

Art. 2. The members of the union shall admit gold and silver to mintage without any limitation of quantity, and shall adopt the ratio of 1 to  $15\frac{1}{2}$  between the weight of pure metal contained in the monetary unit in gold and the weight of pure metal contained in the same unit in silver.

Art. 3. On condition of this ratio of 1 to  $15\frac{1}{2}$  being always observed, each State shall remain free to preserve its monetary types—dollar, franc, pound sterling, mark, or to change them.

Art. 4. Any person shall be entitled to take any quantity of gold or silver, either in ingots or in foreign coins, to the mints of any member of the union for the purpose of getting it back in the shape of coin bearing the State mark; the mintage shall be gratuitous to the public; each member of the union shall bear the expense of its mintage.

Art. 5. The mints of each State shall be bound to coin the metal brought by the public as speedily as possible, and at the aforesaid ratio of 1 to  $15\frac{1}{2}$  between gold specie and silver specie; the coin thus manufactured shall be delivered to the person who shall have brought the metal or to his assigns; if the person bringing gold or silver requests immediate payment of the sum which would accrue to him after the interval of mintage that payment shall be made to him subject to a deduction which shall not exceed two per thousand; the sum shall be handed over at the will of the paying party in gold or silver coin or in notes being legal tender and convertible at sight into metallic money.

Art. 6. The gold and silver money shall alike be legal tender to any amount in the State which shall have manufactured them.

Art. 7. In each State the government shall continue to issue as a monopoly its small change or tokens; it shall determine their quantity and quality, and shall fix the amount above which no person shall be bound to receive them in payment.

Art. 8. The fact of issuing or allowing to be issued paper money, convertible or otherwise, shall not relieve the State issuing it or allowing it to be issued from the above stipulated obligation of keeping its mints always open for the free mintage of the two metals at the ratio of 1 to  $15\frac{1}{2}$ .



Art. 9. Gold and silver, whether in ingots or in coin, shall be subject to no Customs duty either on importation or exportation.

Art. 10. The reception of silver shall commence at the same date in all the mints of the Union.

Art. 11. The present Convention shall remain in force till the 1st of January, 1900. If a year before that date notice of its abrogation has not been given, it shall of full right be prolonged by tacit renewal till the 1st of January, 1910, and so on by periods of ten years until such notice of abrogation shall have been given a year prior to the expiration of the current decennial period, it being, however, understood that notice of abrogation given by States having in Europe less than 20 millions of inhabitants, or subject to the inconvertible paper money system, while releasing those States shall not prevent or interfere with the decennial tacit renewal of the present Convention between the other members of the Union."

It will be remembered that at a meeting of this Institute, held in November, 1879, a discussion took place on the subject of Bimetallism, which was reported in the *Journal of the Institute* for January, 1880. A paper on "Bimetallism Examined," by Mr. John Dun, was also inserted in the same Journal, together with a review of some of the chief pamphlets issued on the subject since the close of the last Monetary Conference (1878).

During the present year a further contribution to this question has been published by Mr. Henri Cernuschi\* showing in his opinion the necessity of adopting a bimetallic standard at the ratio of  $15\frac{1}{2}$  to 1 for England, the Continent, and the United States.

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\* Bimetallism at  $15\frac{1}{2}$ . By Henri Cernuschi. (London: P. S. King.)

## QUESTIONS ON POINTS OF PRACTICAL INTEREST.

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THE Council desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which after careful deliberation the Council have approved :—

**QUESTION I.** :—It being the custom of bankers to renew notes on demand every six years to avoid the Statute of Limitations, notwithstanding that payment on account has been made :

Does the payment of an instalment endorsed on the back of the note create a renewal of the same for the balance, rendering the customary renewal within the six years from the "original date" unnecessary? and—

Does an acknowledgment of the debt by due payment of interest constitute a renewal of the note from the last date of payment of interest?

**ANSWER :** Under the circumstances mentioned, it is believed that either payment would constitute a renewal of the note.

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**QUESTION II.** :—Is an endorsement "John Smith & Co., Limited," on a Bill of Exchange in favour of a company so described a legal discharge, or must it be signed by some official on behalf of the company, or per pro.?

**ANSWER :** The customary mode of signature of a "limited company" is by one of the officers signing per pro. of the company, and mentioning his official position. But, although it would appear to be regular in the case of a private partnership, which has become a "limited company," to continue signing the old designation with simply the affix "limited" as required by law, it is preferable for bankers in such cases to require verification of the signature.

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**QUESTION III.** :—An account is kept in the names of "Smith and Jones;" and both of them draw cheques and accept bills under the signature of "Smith & Jones."

In the event say of Jones dying, can the banker continue to honour Smith's cheques, &c., on the account signed in the usual manner?

ANSWER : In the event of the death of either Smith or Jones the balance of the account would be available to the survivor, under his usual signature of Smith & Jones.—See, also, Question IV., page 427, vol. I., of the Journal.

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## VICTORIAN BANKING CONSIDERED IN RELATION TO NATIONAL DEVELOPMENT.\*

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In an interesting paper read before the Melbourne Social Science Congress, Mr. Henry G. Turner, a Fellow of the Institute of Bankers, discusses in detail the rapid development of banking facilities in the Victorian Colony, and points out that in no other country has the popularisation of banking, in the sense of its universal adoption, been carried to a higher degree. From a comparison between the banking accommodation of the mother country and the colony of Victoria, it would appear that the colony possesses, relatively to its population, four times as many banking offices as England and Ireland—an extravagance of administration arising from the duplication and even triplication of competing offices in small and unimportant townships. As a remedy for this admitted evil, Mr. Turner suggests that the banks should meet one another in a spirit of just compromise, and agree that no town of less than 5,000 inhabitants requires more than one bank to conduct its business and that each bank retiring in favour of another from one place should receive an equivalent in its favour elsewhere—a course which would effect the withdrawal of 25 per cent. of the existing offices without in any way restricting the facilities afforded to the public.

Dealing with the question of advances on landed property and stock, which constitute an important element in colonial banking, Mr. Turner contends that the conservative principles laid down by English authorities are inapplicable, although evidence of their acceptance is to be found in most of the Colonial Acts incorporating banking companies, which contain clauses limiting the transactions

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\* A Paper read before the Melbourne Social Science Congress, by Henry G. Turner, Esq. Extracted from the *Australasian Banking and Insurance Record*.

of the banks to discounting commercial paper and negotiable securities and other legitimate banking business, and expressly provide against advances being made on security of lands, or houses, or on pledge of merchandise. These limitations, however, as is well known, are practically ignored, and the class of advances which the framers of the charters endeavoured to prohibit, has acquired an importance in its extent to which legitimate banking business bears a very diminutive proportion. Mr. Turner proceeds to a consideration of the value and expediency of real property as an investment, the substance of which is contained in the following conclusions :—

1. That the banks in Victoria could not use their capital and deposits in the colony, unless they made a large proportion of their advances on real property.

2. That the special circumstances of the colony and the experience of a quarter of a century, justify the belief that such advances, within judicious limits, may be safely and profitably made by banks of issue. And

3. That the practice, though discountenanced by English authorities, has been of immense value in promoting the settlement of the colony, and the development of those resources which must ultimately become the mainstay of its prosperity.

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## BANKING STATISTICS.

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WITH the view of obtaining the necessary data for an estimate of the total banking transactions of the kingdom, which except through the medium of the Clearing Houses can, at the present time, be only partially estimated, Mr. George H. Pownall, of the Manchester and Salford Bank, St. Ann's Street, Manchester, has circulated a letter dated the 26th March, in which he asks bankers to assist him by supplying the information specified in two forms which accompany it. It is proposed to print in the next Journal both the circular and accompanying forms, the details of which do not seem to be definitely settled.

## LEGAL DECISIONS AFFECTING BILLS OF EXCHANGE.

As the undermentioned case, affecting the law of bills of exchange, in which judgment was delivered in the Court of Appeal on the 9th of December, 1880, is of considerable importance, it has been thought desirable to give the following full reprint of the same from the "Law Reports."

*Ex parte* NEWTON.

*Ex parte* GRIFFIN.

*In re* BUNYARD.

*Proof in Bankruptcy—Bill of Exchange—Accommodation Bill deposited as Security for less than its nominal Amount.*

When a bill of exchange, accepted for the accommodation of the drawer, is deposited by him as security for a debt less than the amount of the bill, the holder is entitled to prove in the bankruptcy of the acceptor for the full amount of the bill, though he cannot receive dividends in excess of the debt due to him by the drawer.

Decision of *Bacon*, C.J., reversed.

In November, 1878, *Harry Bunyard*, a sack manufacturer, in *Tooley Street, Southwark*, entered into a contract with *Alfred Newton* to sell to him 5,000 sacks, at the price of £272. 16s. 8d., the sacks to be delivered as *Newton* should require them. A four months' bill of exchange for £272. 16s. 8d. was drawn by *Bunyard* upon and accepted by *Newton*, and was afterwards indorsed by *Bunyard* to the *London and County Bank*. As a security for the performance of the contract by *Bunyard*, he indorsed to *Newton* a bill of exchange for £300, dated the 12th of November, 1878, drawn by *H. Bunyard* and accepted by a firm of *Thos. Bunyard & Sons*, of *Maidstone*, and payable four months after date. This bill had been accepted by *Bunyard & Sons* for the accommodation of *H. Bunyard*, though *Newton* was ignorant of this fact. It was expressly agreed between *H. Bunyard* and *Newton* that the £300 bill was not to be negotiated until *H. Bunyard* failed to fulfil his contract. Sacks to the value of £32. 10s. were delivered to *Newton* by *H. Bunyard*, but he failed to deliver any more. *Newton* did not negotiate the £300 bill. In January, 1879, *Newton* filed a liquida-

tion petition in the *London Bankruptcy Court*, and his creditors resolved to accept a composition. The *London and County Bank* received the composition in respect of the bill for £272. 16s. 8d. Before the bill for £300 matured *T. Bunyard & Sons* had filed a liquidation petition in the *Maidstone County Court*. *Newton* tendered a proof in the liquidation upon the £300 bill for its full amount. The Registrar, acting as Judge, held that the proof could be admitted only for the sum of £240. 6s. 8d., the amount which remained due from *H. Bunyard to Newton* under the contract.

*Newton* appealed to the Chief Judge.

The appeal was heard on the 25th of February, 1880.

An appeal of a similar nature by a person named *Griffin*, with whom other accommodation bills accepted by the debtors had been deposited as a security for an advance less than the amount of the bills, was heard at the same time.

*E. Cooper Willis*, for the Appellant *Newton*, referred to *Ex parte Phillips* (1).

*Bozall*, for the trustee, referred to *Reid v. Furnivall* (2); *Attenborough v. Clarke* (3); *Attwood v. Crowdis* (4).

*E. Cooper Willis*, in reply.

BACON, C.J. :—

I think the Appellant has got as good an order as he deserves. There was no commercial transaction in respect of which these bankrupts are liable to the Appellant beyond the £32. 10s. The bill was endorsed over to *Newton* only for the purpose of depositing it by way of security. If a man is a creditor of a bankrupt and holds security for more than his debt, he cannot prove for more than is justly due to him. This view is rather lenient than otherwise in favour of the present Appellant. If he had sued and recovered on the bill he would have held the surplus beyond what was due to him by the drawer in trust for the drawee. The Court is asked to let him prove for the whole amount of the bill.

There is no ground for the appeal. The creditor ought to have been content, and even thankful, for the order that was made. The appeal is perfectly groundless, and must be dismissed with costs.

*Finlay Knight*, for the Appellant *Griffin*, referred to *Cooke's Bankrupt Laws* (5); citing *Ex parte King*; *Ex parte Crossley* (6); *Ex parte Schofield* (7).

*Bozall* for the trustee.

BACON, C.J. :—

It is not necessary to go into the question of whether these were

(1) 1 M.D. & D. 232.

(2) 1 O. & M. 538.

(3) 27 L. J. (Ex.) 138.

(7) 12 Ch. D. 337.

(4) 1 Stark. Rep. 483.

(5) 8th Ed. p. 176.

(6) 3 Bro. C.C. 337.

accommodation bills or not, as to which there were contradictory statements on the part of the debtor and creditor.

The matter I have to deal with is this. The story is: A man owes me, say £200. There being this relation of debtor and creditor subsisting between us, the debtor brings me bills of exchange, and deposits them with me as a security for that sum. He then becomes bankrupt, and I make a claim against his estate for what is due. How can I say that proof can be made against his estate for any other sum than the £200?

Then he puts into the schedule of his assets the amount that is due on these bills, because he does not wish to forego any remedy he may have against a third person. He might put any amount of these bills into the schedule, though he could not recover more than twenty shillings in the pound upon the amount actually due to him.

But the creditor cannot prove for more than the debt actually due to him.

From this decision *Newton* and *Griffin* appealed. The appeals were heard on the 24th of June, 1880.

*E. Cooper Willis*, for the Appellant *Newton* :—

I admit that I cannot receive dividends beyond the amount due to me from *H. Bunyard*. But I am entitled to prove for the full amount of the bill. This was settled long ago in *Ex parte Bloxham* (1); *Robson's Bankruptcy* (2).

*De Gex*, Q.C., and *Kingsford*, for the trustee :—

A proof in bankruptcy is limited to the amount which could have been recovered against the bankrupt in an action if he had remained solvent. If a bill which is accepted for value is deposited by the drawer as security for a debt less than the amount of the bill, the holder can recover the full amount from the acceptor; but if an accommodation bill is deposited in the same way the holder cannot recover from the acceptor more than he has himself advanced. In *In re Gomersall* (3) Lord Justice *Mellish* said (4), referring to some cases cited in *Cooke's Bankrupt Law* (5), "In those cases it was held that if the bill was for value as between the drawer and the acceptor, the holder, having advanced money on the bill, might prove against the acceptor for the full amount, and take dividends until he had received the sum he had advanced, that is to say, until he had received the sum which he could have recovered in an action against the drawer. But I rather think it was held that when they were accommodation bills he could not do that, because in the case of an accommodation bill you cannot sue the

(1) 5 Ves. 448; 6 Ves. 449, 600.

(2) 3rd Ed. p. 222.

(3) 1 Ch. D. 137.

(4) 1 Ch. D. 142.

(5) 8th Ed. p. 176.

acceptor for any larger sum than you can sue the drawer for." It does not appear that in *Ex parte Bloxham* the bills deposited were accommodation bills. Lord Eldon says (1): "You may have the paper of third persons, those persons being indebted to your debtor in more, and you may prove to the whole amount, not exceeding 20*s.* in the pound upon the original debt."

[COTTON, L.J.:—Do you say that a transfer of an accommodation bill is a transfer only of what is due by the acceptor to the drawer? That is nothing at all.]

Of course the acceptor is a surety as to third persons who give value for the bill, for he allows it to go into the world with his name on it. But his suretyship extends only to the amount which is given for it. The dictum of Lord Justice Mellish is supported by *Jones v. Hibbert* (2).

[THESIGER, L.J.:—In that case the acceptor was not bankrupt, and it is an authority that the holder for value of an accommodation bill can recover from the acceptor the amount which he has advanced on the security of the bill.]

Therefore the holder can prove in the bankruptcy of the acceptor for that amount only. The fundamental rule is that you cannot prove in bankruptcy for more than you could sue the bankrupt for if he was solvent. Proof is a substitute for the right of action. The cases cited by *Cooke* do not support his view of the law. Many cases at law show that the holder of an accommodation bill can recover only what is due to him by the person from whom he receives it: *Simpson v. Clarke* (3); *Chitty on Bills* (4); *Wiffen v. Roberts* (5); *Heath v. Sansom* (6); *Smith v. Knox* (7); *Fentum v. Pocock* (8); *Jones v. Hibbert*.

[They also referred to *Ex parte Earle* (9).]

*E. Cooper Willis*, in reply:—

The authorities cited do not support the proposition of the Respondent. In *Wiffen v. Roberts* the express ground of the decision was that the holder of the bill knew that it was an accommodation bill. In the present case the Appellant had no notice that the bill was an accommodation one. *Cooke* lays it down clearly that the proof may be for the full amount of the bill. The same thing is said in *Byles on Bills* (10), and he cites other cases in support of it.

[*De Gex*, Q.C.:—Those are cases of discounted bills.]

*Ex parte Bloxham* (11) is directly in point.

[*De Gex*, Q.C.:—The statement of facts in the report of that

(1) 6 Ves. 450.

(2) 2 Stark. Rep. 304.

(3) 2 O. M. & R. 342.

(4) 11th Ed. p. 55.

(5) 1 Esp. 261.

(6) 2 B. & Ad. 291.

(7) 3 Esp. 46.

(8) 5 Taunt. 192.

(9) 5 Ves. 833.

(10) 12th Ed. p. 452.

(11) 6 Ves. 600.



case (1) does not show that the bill was an accommodation one, and the original decision of Lord *Rosslyn* was reversed by Lord *Eldon* (2), on the authority of *Ex parte Bloxham* (3), in which the bills were clearly not accommodation bills.]

*Ex parte Phillips* (4) is in our favour. If the argument of the trustee is correct, a bill for £300 is no greater security than a bill for £200. The supposed rule that proof in bankruptcy is merely coextensive with the right of action at law is not so well established as it is said to be. The right of a third party who does not know that the bill is an accommodation one can only be satisfied by the payment of 20s. in the pound. In *In re Gomersall* (5) this was admitted. Whatever may be the rights of the drawer and the acceptor of an accommodation bill *inter se*, that cannot affect the rights of a third party against either of them.

[*THEISIGER, L.J.* :—Is that so? Is not the rule that the holder of such a bill can only sue the acceptor for the amount which he himself has advanced inconsistent with your proposition?]

*Finlay Knight*, for the Appellant *Griffin*, referred also to *Ex parte Schofield* (6).

*De Gex, Q.C.*, and *Kingsford*, for the trustee :—

In *Ex parte Phillips* the bills were not accommodation bills.

The appeals were argued before *Baggallay, Cotton*, and *Thesiger, L.JJ.* *Thesiger, L.J.*, died before the judgment of the Court had been delivered, and the parties then agreed to accept the judgment of the surviving members of the Court.

Dec. 9. *COTTON, L.J.* :—

I have now to deliver the judgment of Lord Justice *Baggallay* and myself, in which I believe the late Lord Justice *Thesiger* would have agreed.

Each of these appeals raised the same question, namely, whether the holder of a bill of exchange taken from the drawer as security for a sum less than the amount of the bill is entitled, as against the estate of the bankrupt, who had accepted it for the accommodation of the drawer, to prove only for the amount due to him (the holder) or for the amount of the bill, with a restriction that he shall not receive dividends on his proof to an amount exceeding the sum due to him on his security. It was conceded that, if the bill had been accepted for value, the holder would have been entitled to prove for the larger amount. But it was urged on behalf

(1) 5 Ves. 448.

(2) 6 Ves. 600.

(3) 6 Ves. 449.

(4) 1 M. D. & D. 232.

(5) 1 Ch. D. 137.

(6) 12 Ch. D. 337, 348.

of the Respondent that the fact of the acceptance being for the accommodation of the drawer makes a difference. It was said, and truly, that a man who has taken a bill from the drawer as security only will hold for the drawer any sum recovered from the acceptor beyond the amount due on his security, and that when the bill has been accepted for the accommodation of the drawer, he, the drawer, would be liable to repay to the acceptor any part of the sum recovered from him, which may be handed to the drawer by the holder of the bill. But the acceptor has put it in the power of the drawer to make the bill in the hands of a holder for value available against the acceptor for its full amount, and, although the holder may have taken it as security for a sum less than the amount of the bill, we are of opinion that such a holder is entitled to make the bill available against the acceptor in the way which will best produce the sum due to him, and that, in the event of bankruptcy, he is entitled to prove against the acceptor's estate for the full amount of the bill. It was argued that, if the acceptor had not become bankrupt, judgment in an action against him on the bill would be confined to the amount due on the security thereof from the drawer. But, if the acceptor is solvent, a judgment against him will realize the full amount for which it is obtained, and, even if he is not solvent, the amount to be recovered on the judgment will (to an amount not exceeding the sum for which the judgment is recovered) be limited only by the value of his estate which can be realized under the judgment. In case this is insufficient to pay the debt to the holder of the bill, the amount which he will recover will not be increased by giving him judgment for a larger sum. It was, however, contended that there is authority in favour of the Respondent, and *Ex parte Bloxham* (1) was referred to. The decision of Lord Rosslyn there reported is in favour of the more limited proof. But the order was afterwards (2) discharged, and an order made giving the bill holder a right to prove for the full amount of the bill. This case, even if it is not (as we think it is) an authority in favour of the Appellants cannot be regarded as an authority against them. We are of opinion, therefore, that the Appellants are entitled to prove for the full amount of the bills, with a restriction that they are not to receive dividends beyond the amounts due to them.

Solicitors for Appellant *Newton*: *Morley & Shirreff*.

Solicitors for Appellant *Griffin*: *Williamson, Hill, & Co.*

Solicitors for Trustee: *Hughes, Hooker, & Co.*, agents for *Hughes & King, Maidstone*.



## JOURNAL OF THE INSTITUTE OF BANKERS.

MAY, 1861.

IN view of the immediate interest attending an examination by the Institute of the new Bankruptcy Bill, and the importance of bringing the subject before the Members at as early a period as possible, the following paper by Mr. John Smith, and the discussion thereon, is inserted in the present number of the *Journal* instead of the interesting paper by Mr. Macleod, which was read at the Meeting held on the 16th March.

The publication of this paper, with the discussion which followed, is, however, only postponed, and will appear in the June number of the *Journal*.

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Sir JOHN LUBBOCK, Bart., M.P., President, in the chair.

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NOTES ON "A BILL TO AMEND THE LAW RELATING TO  
BANKRUPTCY "

(Introduced into the House of Commons by Her Majesty's Government,  
8th April, 1861),

By JOHN SMITH, Esq.

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[Read before the Bankers' Institute, Wednesday, 20th April, 1861.]

THIS Bill appears to me to be one of great value, and to deserve the cordial support of all who are interested in effecting a satisfactory reform of our bankruptcy laws. In the remarks and suggestions which I have to offer in regard to it, it is my desire to point

out in what respects it endeavours to provide a remedy for existing defects, and in what way it may be made more perfectly to carry out the views and objects which I believe are entertained by its promoters, in common with the banking and mercantile classes of this country.

As I have on a previous occasion pointed out, the subject embraces a great variety of somewhat complicated details, and I propose to deal with it *first* by considering one of the leading features of the Bill in regard to which its authors are entitled to the merit of entire originality, then by discussing how far it meets the views of the Council of the Institute, as expressed in the series of suggestions published in the January number of our *Journal*; and lastly by referring to a few additional points, some of which are dealt with by the Bill itself, and all of which are, I venture to think, worthy of careful consideration.

### *I.—Supervision by the Board of Trade.*

The first great feature of the Bill which claims attention is the introduction of a system of supervision in all bankruptcy matters by the Board of Trade. This supervision will not only prove a great immediate gain in the practical working of the law of bankruptcy, but is of vast importance for the future, inasmuch as the continuous and intelligent superintendence of a great Government department, intimately acquainted with the requirements of the commercial world, affords a pledge that whatever may hereafter prove defective in the working of the system will from time to time be amended by the application of appropriate remedies. The main features of this supervision are as follows:—

The Comptroller in Bankruptcy (to whom all trustees are required to render periodical accounts), is placed under the control of the Board of Trade. (See § 44 of the Bill.)

That Board is also authorized, to appoint official receivers of bankrupts' estates, who shall be attached to each Bankruptcy Court, but who shall act by and under the directions of the Board of Trade (§ 45).

The duties of this officer are numerous and important. He is (except in special cases) to act as receiver of the estate until a trustee is appointed. He is to advertise and preside at the first meeting of creditors, receive and adjudicate upon proofs of debt, control the use of proxies, report as to any proposed scheme of arrangement or offer of composition, take part in the debtor's examination and report to the Court upon the conduct of the debtor, before the latter obtains his discharge (§ 46).

Further, the trustee appointed by the creditors must receive the certificate of his appointment from the Board, and before doing so must give security to its satisfaction (§ 20, sub-secs. 1 to 4).

The Board may object to any appointment of a trustee, or may remove a trustee once appointed, on the ground of misconduct or negligence (with power to the creditors if dissatisfied to appeal to the Court (§ 24, sub-sec. 2).

It has power to modify the scale of remuneration to trustees from time to time, or to sanction an increased allowance in special cases (§ 20, sub-secs. 6 and 8).

It is also entrusted with the power to grant or withhold a release to the trustee, subject to the right of appealing to the Court (§ 32).

And finally where no Committee of inspection is appointed it is to act in place of one in all matters requiring the intervention of such a committee (§ 61).

It will thus be seen, that while leaving the creditors perfectly free to deal with the bankrupt's property, the Bill provides through the machinery of the Board of Trade, a most effective control over the conduct of the debtor, and the administration of the trustee. This will undoubtedly prove one of the most valuable provisions of the Bill, inasmuch as no steps for perfecting the machinery of bankruptcy procedure could be expected to be effectual without an efficient and intelligent control over its working.

It has been already objected in more than one quarter, and probably this objection will form the main foundation of any opposition which the Bill may have to encounter, that it involves a retrograde movement in the direction of that "officialism" which has characterised previous systems of bankruptcy administration, and which has been unanimously denounced by the voice of the entire mercantile community. But I think that those who use this argument have failed to comprehend the actual facts and necessities of the case. "Officialism" may be one of two kinds, *official administration*, or *official supervision*. Now it is the system of *official administration* which experience has condemned, and against which the sense of the mercantile community instinctively revolts. That was the system which characterised the legislation of the early part of the present century. Estates were thrown into the Bankruptcy Court, and realised and distributed by official assignees without any control on the part of the creditors; these assignees seldom possessed the requisite mercantile experience for their task; the system was cumbersome and costly, involving frequent references to the Court in matters of the most trivial detail; and the whole of the proceedings were marked by those interminable delays, and other sources of irritation which have always more or less distinguished the circumlocution office of the Court of Chancery. That system was condemned, and swept away by the Act of 1869 and its predecessors, and without entering into the question whether creditors have received better dividends under the new system than they did under the old, it is enough to say,

that no return to it would now be tolerated. But the system of *official supervision*, and especially a supervision by the great mercantile department of the government (or Ministry of commerce, as, let us hope it may soon become) is a very different matter. Without such a supervision, it is simply impossible to provide against the grossest abuses. Those who argue against it, on the ground that the creditors ought to be left perfectly free to manage their own affairs, forget that there are matters on which the creditors as a body cannot be consulted, and they make the serious mistake of confounding the action of "any creditor" with the action of "all the creditors." For example, how are a debtor's estate, books and accounts to be disposed of during the period betwixt the adjudication and the first meeting of creditors? How is an independent chairman to be secured at that meeting? how is a reliable statement of the debtor's affairs to be presented to it? and how are fraudulent and fictitious proofs and votes to be exposed without independent and official supervision? If a receiver is appointed at the instance of "any creditor" who chooses to make out a sufficiently plausible case to lead or mislead the Court, how are the other creditors to be assured that he is not a mere nominee of the debtor, or that he is not appointed for the purpose of supporting some scheme of arrangement or composition to defraud the creditors of their just rights? Again, in all matters requiring investigation, the creditors can only act through a committee, and a committee can only be appointed by a majority. But is it not possible that even a majority of creditors may err, and that from ignorance or self-interest they may appoint an utterly incompetent committee of inspection to represent them, or may dispense with its appointment altogether; and is a minority of creditors to have no redress in such a case, and no means of compelling a proper investigation and control? The Act of 1869 utterly ignores "minorities," or rather it hands them over bound hand and foot to the tender mercies of a too often ignorant, incapable, or interested majority. And when it is alleged by those who are responsible for that Act, that creditors have the matter entirely in their own hands, but are indifferent to their own interests, the taunt is both cruel and unjust. The absence of some provision in the Act of 1869 for an *independent* (that is necessarily an official) supervision, has been the main cause why it has proved such an utter failure, and it is satisfactory to find that a remedy is applied under the present Bill.

## *II.—Reforms Suggested by the Institute of Bankers.*

I now proceed to notice the manner in which the various suggestions of the Council, as set forth in the Memorandum published in the January number of the *Journal*, are dealt with in the Bill, and in doing so I shall, for the sake of convenience, discuss them in the

order in which they are detailed in the Memorandum rather than in the order in which they occur in the Bill itself.

1. All proceedings are to commence by a petition in Bankruptcy, in accordance with "Suggestion" No. 1 (*See* Bill, § 3).

2. The petition may be presented either by a debtor, in which case adjudication shall immediately follow (§ 9), or by a creditor or creditors for £20 or upwards, accompanied in the latter case by proof of an act of bankruptcy (§ 4). On an order for adjudication being pronounced, or on the appointment of a receiver prior thereto, all proceedings at the instance of a creditor to recover any debt shall be stayed on notice of the order being given without special application to that effect (§ 10), and within *three* days of the adjudication, or such extended period as the Court may allow, the bankrupt is required to furnish to the official receiver a statement of his assets and liabilities, with other necessary particulars (§ 14). These provisions practically embody the requirements of "Suggestion" No. 2, but it appears to me that "three" days is too short a period to allow for the preparation of the debtor's statement, and I have dealt further with this point under No. 13, below.

3. The following provisions relate to the appointment of a receiver :—

1. After the presentation of a creditor's petition, but before adjudication, the Court may, *on the application of any creditor*, appoint a receiver or receiver and manager of the debtor's estate or of any part thereof (§ 8), and the "official receiver" shall act in this capacity, unless in the opinion of the Court it is expedient in the interest of the creditors that some other person be appointed (§ 46, sub-sec. 2).

2. In the same way on an order of adjudication being made, the property of the bankrupt shall vest in the "official receiver" (§ 11, sub-sec. 1), and unless a special receiver is appointed, the official receiver shall be the receiver and manager until the appointment of a trustee (§ 46, sub-sec. 1).

3. But the Court may, *on the application of any creditor*, appoint a *special* receiver and manager (other than the official receiver) (§ 12).

These provisions do not in my opinion *secure* the appointment of an *independent* receiver. The application of "any creditor" must be based on a purely *ex parte* statement. The general body of creditors are not and cannot (before the first meeting) be consulted, and nothing is easier for a creditor who desires to have the manipulation of the estate, than to set forth in an affidavit such a statement of facts or opinions as may induce the Court, in any case, to appoint a special nominee of the applicant and thereby defeat the intention of the Bill to secure an independent investigation prior to the meeting of creditors. Nay,



further, there is nothing to prevent a debtor, acting in collusion with a particular creditor, from securing (as is too often the case under the present system) the appointment of his own nominee. The argument in favour of this provision (as stated by Mr. Chamberlain in introducing the Bill) is that put forward by a certain association of wholesale London traders, chiefly engaged in the Manchester trade, that in certain cases it is important to have the debtor's business carried on by some one acquainted with the trade, but it would of course be the duty of the official receiver where it was desirable to carry on the debtor's business, to appoint a qualified manager for this purpose, and the case would be sufficiently met by substituting the following for Clause 12—

The official receiver (or the Court in special cases) may appoint an *interim manager* of the debtor's business, who shall account to the official receiver; but the custody of the debtor's books, the investigation of his affairs, and the duty of reporting thereon to the creditors, shall in every case devolve upon the official receiver.

Clause 46 to be modified in accordance therewith.

Without this protection the Bill fails at the very outset in securing that independent and impartial initiation of the winding-up, in the interests of *all the creditors*, which it has, I believe, been one of our main objects to secure. Further, there is nothing in the Bill to prevent a special receiver at once proceeding to realise the debtor's stock, and such realisation even appears to be contemplated by the phraseology of the first schedule, which allows a proportionate share of commission to be drawn by a receiver who effects such a realisation. Now it is a fact that in the particular trade referred to, it is not unusual at the present moment for receivers to realise the debtor's stock "by tender," that is, by selling it to the wholesale houses, instead of realising it to the best advantage by unlimited competition; and when I recall the numerous attempts which have been made within the last few years in the Bills, introduced by Mr. Morley and others, to encourage this practice by holding out a bribe to receivers to follow a course so injurious to the interests of the general creditors, I confess to a feeling of great apprehension at any proposal for the appointment of a special receiver at the instance of any creditor who may apply for it. I trust, therefore, that the Council will endeavour to secure the appointment of the official receiver in every case.

4. The "suggestion" that trustees should be appointed for a fixed period, but should be eligible for re-election, is not dealt with in the Bill, and looking to the other safeguards provided, and especially to the power given to remove a trustee under § 24, the Council may probably not think it necessary to press the point further.

5. Every trustee must give security to the satisfaction of the Board of Trade before he obtains the certificate of his appointment (§ 20, sub-sec. 2). This gives effect to "Suggestion" No. 5.

6. The principle of "Suggestion" No. 6, as to the remuneration of the trustee, is adopted by the Bill (§ 20, sub-sec. 5, c. 8), but the actual scale of remuneration, I think, requires modification. Thus—

1. Where the assets of an estate (it is presumed "realised assets" are meant) do not exceed £3,000, the remuneration to the trustee is to be fixed by the creditors, but is not to exceed the scale mentioned in the first schedule to the Bill, viz. :—

(a.) On realisations—

2½ per cent. on the first amount of £500 or less;

1 per cent. on the next £500 or less;

½ per cent. on all further sums.

(b.) On dividend—

2 per cent. on the first £1,000 or less;

1 per cent. on all further sums.

So that, for example, on an estate where the realised assets amounted to £3,000 and the dividend to £2,500, the remuneration to the trustee would amount, on realisations to £27. 10s., on dividend to £35; total, £62. 10s.

2. Where the assets exceed £3,000, the creditors are not limited to any scale of remuneration, but may allow what they please, and if the committee of inspection so report to the Board of Trade, the latter may grant such [additional and] fitting remuneration as it shall think fit.

I see no occasion for the distinction here drawn between estates under and those over £3,000, but the scale itself appears to me to be far too low. It is true the Board of Trade is empowered in any case to order an additional remuneration to be paid where special services have been rendered, but it is scarcely possible to conceive any circumstances where the scale mentioned would be sufficient to induce good men to accept the office of trustee, and nothing could be more injurious to the success of the measure than that good men should be discouraged from accepting it, or that trustees should be led to seek other means of remunerating themselves indirectly, which they will certainly be led to do under this scale. It is not stated whether this remuneration is to include allowances for clerks, &c., but if it does not, then we shall have the expenses of realisation swollen by charges for so many hours per day of so many clerks' time occupied in connection with the estate, the object of the trustee being, in fact, not to realise and distribute the estate as speedily as possible, but to spend as much time and labour over it as he possibly can through the instrumentality of his clerks. The well-known scandals which have so frequently occurred in connection with the liquidation of joint-stock companies in the Court of Chancery, will thus be repeated more or less in every bankruptcy throughout the country. On the other hand, if the remuneration is to include an allowance for clerks, it is manifest that the figures mentioned in the schedule are quite

inadequate, especially in the case of small estates. At the same time, it is extremely difficult to lay down a scale which shall be equally applicable to different classes of estates. I would therefore suggest, as an amendment, to delete sub-sections 5 to 8 of § 20, and substitute the following, viz :—

The remuneration of the trustee [including his clerks] shall be fixed by a resolution of the creditors in general meeting, and shall be in the nature of a commission or percentage, one-half of which shall be charged upon the amount of the net realisations, after deduction of any sums paid to secured creditors out of the proceeds of their security, and one-half upon the amount distributed in dividends. Where such commission shall exceed 10 per cent. upon realisation and dividends combined, it shall, unless the resolution be unanimously adopted, be subject to confirmation by the Board of Trade.

Further, I think that the principle embodied in § 29 of the Act of 1869, which permits solicitors who are appointed trustees to *compound* with the creditors for a fixed percentage to cover all expenses and remuneration, ought to be extended to all trustees as follows, viz :—

The resolution fixing the trustees' remuneration shall state whether the percentage so fixed is to cover law, auctioneers', or other agency expenses, or not, and in the event of its covering or in so far as it covers such expenses, no liability shall be incurred by the debtor's estate, or by the creditors, in respect of any legal proceedings, or of the employment of any solicitor, auctioneer, or other agent, and it shall not be necessary in that case for the trustee to render any accounts in respect of such expenses.

Such a system of "compounding" for all expenses would simply be carrying out the principle of "payment by results," a system so successfully adopted by private debt-collecting agencies. It will be observed that it is not proposed to make its adoption compulsory, but only to make it *permissive*, as a matter of contract betwixt the creditors and their trustee, and there can be no doubt that it would prove an invaluable boon by avoiding unnecessary litigation, and checking the evils arising out of the somewhat prevalent practice of solicitors sharing their costs with the trustee. The object of requiring it to be stated in the resolution whether the remuneration is to be fixed on this basis or not is to secure the question being properly brought under the notice of the creditors, who cannot be supposed to be acquainted with the details of bankruptcy law, and who often fail to give directions on important points of procedure, owing to their never being brought under their consideration.

3. The creditors may, *if they choose*, appoint the official receiver to be trustee (§ 20, sub-sec. 9), and failing the appointment of any other person to that office within the prescribed period, he is to be deemed to be appointed by the Board of Trade to be trustee (sub-sec. 10); in that case the estate is to pay such fees and percentages as may from time to time be fixed by the Lord Chancellor with the concurrence of the Treasury (§ 55). These fees are, however, to be paid into the Exchequer, and the official receiver is to be remunerated out of money pro-

vided by Parliament and fixed by the Board of Trade with the concurrence of the Treasury.

The policy of practically permitting the official receiver to compete for the office of trustee is, I think, at least open to discussion. There can be no objection to such a course on the part of the creditors of any particular estate, for his appointment is entirely *optional* on their part, but it is worthy of consideration how far it may affect the position of that officer in exercising an impartial supervision over trustees in general. It is also a serious question whether it may not greatly increase the expenses of his office. So long as his duties are strictly confined to the work of supervision, and interim preservation of the debtor's estate, as defined by the 46th Section, it is probable that they can be performed without any extensive staff, seeing that they must be largely of a personal character; but when it comes to the actual administration of, it may be, a large number of debtors' estates, involving much detail work in the realising of property, getting in of debts, and distributing the proceeds among the creditors, it is difficult to see how the creation of a large staff of clerks and the occupation of extensive offices can be avoided. It may be said that the commission receivable on such estates will pay the expenses, but I do not share the opinion expressed in some quarters that creditors will welcome the opportunity of appointing the official receiver to be trustee. That official will have to encounter much hostility and prejudice, and, I believe, the probability is that, as a rule, only those bankruptcies which other professional trustees do not care to undertake will be left to the official receiver, and these will naturally yield a wholly inadequate remuneration for the time and labour involved. Any one who has practical experience of such matters knows that there are many such cases, where a commission of 20 per cent. upon the assets realised and distributed would not be an unreasonable amount for the trustee to receive, and yet it can hardly be conceived that such a scale of commission could be sanctioned by the Lord Chancellor and the Treasury without much hostile comment. It follows, therefore, that such business would be managed by the official receiver at a loss, and that loss would either have to be paid by the public at large, or it would be recouped by an increase of fees on the other portions of the receiver's duties, and therefore on other estates. In either case, such a result would be resented as objectionable, and would go far to raise a serious popular prejudice against the office altogether. Without therefore expressing any decided opinion upon the point, based as such an opinion must be on purely conjectural *data*, I think it is worthy of the serious consideration of the Government, whether it would not be wiser, at least for the present, to confine the duties of the official receiver to the following, viz. :—

1. The interim preservation of the debtor's estate, until it can be placed in the hands of the creditors at the first meeting.

2. The supervision of the debtor's conduct.
3. The supervision and audit of the trustee's accounts.
4. The reporting to the creditors and to the Court upon any scheme of arrangement or composition.\*

7. This "suggestion" embraces various matters of importance which are separately dealt with in the Bill:—

- 1st. Every trustee shall, once at least in every six months, forward to the Comptroller a statement of all receipts and payments verified by affidavit, and this statement shall be audited by the Comptroller, for which purpose he shall be furnished with all necessary vouchers and information. These accounts so audited shall be open to inspection by any creditor (§ 30).

I think that it should further be provided that—

The accounts shall be accompanied by a statement and estimated valuation of all unrealised assets outstanding at date, and of the steps being taken for their realisation.

And instead of these accounts being rendered direct to the Comptroller, I would suggest that—

They shall be rendered to the official receiver or taxing master of the Court, or to such other officer as the Board of Trade may from time to time

\* Since the above was written, further reflection has strongly convinced me of the correctness of the views herein expressed, and I believe that a very serious mistake will be committed unless this portion of the Bill is modified in the sense I have suggested. In addition to the provision that the official receiver shall act as trustee when so appointed by the creditors, he is also required to act as such when from any cause no trustee is acting (see § 23, sub-sec. 4), and he is also declared, by § 43, to be trustee in all cases of estates with assets under £300, unless the creditors determine otherwise. Now, whatever else this may lead to, it must inevitably lead to the official receivers becoming trustees on every worthless estate throughout the kingdom. The amount of unremunerative labour which this will involve will, in the aggregate, be enormous, and must consequently lead to an enormous increase in the cost of the office.

Moreover, it cannot be pleaded that any public interests are involved in the proposed arrangement, which entirely contravenes the principle that the debtor's estate is a matter for the creditors and the creditors alone. It is, indeed, quite right that where a temporary vacancy occurs in the office of trustee, the official receiver should step in and take charge of the assets of the estate until a meeting of creditors can be summoned to appoint a new trustee, just in the same way as he ought originally to take charge of every estate from the moment when an adjudication is made until the first meeting, for in this case he is only preserving the property of the creditors until they are themselves in a position to deal with it; but for the Board of Trade to step in through its representatives and *take charge of all estates which the creditors themselves decline to have anything to do with*, can subvert no public interest whatever. Finally, it is not, in my opinion, desirable that the independent position of the official receiver in the proper and useful aspects of his office should be imperilled by the course proposed. It should be borne in mind that, as the receiver of the estate, he will have the sole control over the debtor's books and accounts. He will, therefore, have an intimate knowledge of his position, and will have an opportunity of directly or indirectly canvassing creditors for their support, such as no private trustee can

direct. When taxed a certified copy thereof shall be forwarded to the Comptroller, and the accounts and statement so audited shall be open to inspection by any creditor in the hands of the trustee.

For it is evident (1) that the Comptroller cannot perform the duties here thrown upon him in auditing the accounts of every bankrupt estate throughout England and Wales; (2) that a local officer must, with his local knowledge, prove a more efficient auditor; and (3) that the privilege of inspecting the accounts, to be of any value, must be available at the place where most of the creditors reside.

2nd. The *first* accounts prepared for dividend (and which are distinct from those rendered to the Comptroller) are to be made up and rendered to the committee of inspection, and a dividend declared (if any is available) within four months after the first meeting of creditors (§ 27).

Nothing is said about subsequent dividends, and I would therefore suggest the following addition to the clause, viz :—

Subsequent accounts shall be rendered and dividends declared in the same manner within every four months until the conclusion of the bankruptcy.

3rd. All moneys over £50 shall be paid into the Bank of England to the credit of the Paymaster-General, and all moneys required for the purposes of the estate "shall be paid out

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possibly have. It may be said that he has no personal pecuniary inducement held out in the Bill to increase the duties of his office, but inasmuch as his official position and income must necessarily depend upon the extent of the duties devolving upon him, it is perfectly clear that the more estates which he can bring under his control, whether they are remunerative to the country or not, the more important and lucrative will be his office. Under such circumstances, it is impossible to expect that his report upon the various matters which will by this Bill devolve upon him—such as the advisability or otherwise of entering into a scheme of arrangement, or accepting a composition, his audit of the trustees' accounts, or even his report on the conduct of the debtor—will be accepted by the public as impartial. It is notorious that under the present system trustees, solicitors, and bankrupts too often adopt a common course of action which is altogether contrary to the interests of creditors, whom it enables them jointly to plunder and defraud. What security will there be that the official receiver may not be suspected of being at least biassed by his self interest in the course which he recommends? I am far from insinuating that the gentlemen who will hold such appointments will allow their private interests to affect them for a moment; but I cannot doubt that many of the more ignorant creditors at least will take a different view of the case, and that that view is not unlikely to be encouraged by those whose professional interests are affected. Seeing, therefore, that the system of *official administration* has always broken down, that no public interest can possibly be served by even its *optional* introduction, and that on the other hand it will seriously add to the expense of the receiver's office, and will greatly diminish public confidence in the impartial discharge of those duties of *supervision* which it is the primary object of this appointment to discharge for the protection of all the creditors, I have no hesitation in urging that this provision of the Bill should be abandoned. This would be effected by—

*Canceling sub-secs. 9 to 12 of § 20; also § 43. and adding to § 23, sub-sec. 4, the words, "until the next meeting of creditors."*

by the Paymaster-General on the request of the trustee or receiver" (§ 28).

Where, however, a business is being carried on, and frequent payments have to be made to meet wages and ordinary expenditure, it is difficult to see how such a provision can be carried out without more ample powers to the Board of Trade to modify its terms in special cases, and I would therefore suggest an amendment on clause 28 to the effect that—

The amount which may be retained by the trustee shall not exceed £50, or such larger amount as the Board of Trade may, under special circumstances, authorise.

There is no doubt that when trustees are required to pay the moneys received by them to the account of the Paymaster-General instead of keeping them under their own control, dividends will be much more rapidly distributed.

4th. Power is also given to the Board of Trade to invest any available portion of these balances in Government securities, and the income arising therefrom is to be applied towards reduction of the fees payable in respect of bankruptcy proceedings (§ 29).

8. This "suggestion" is met by the provision that every bankrupt is to be examined in open court (§ 33). In connection with this, however, I would refer to the modification in clause 67 of the Act of 1869, effected by this Bill (under Schedule III.), whereby the power of the Court to appoint "any other officer" than the registrar to act in any matter in the name of the Court is abolished. Now, it appears to me, that if the examination of every debtor is to take place before the judge, or even before the registrar, one of two results will happen, viz., either the greater portion of the judge or registrar's time in every County Court throughout the kingdom will be occupied in this way, or the examination will be inconveniently delayed and performed in an unsatisfactory and perfunctory manner, as is too often the case under the present system. No high judicial functions are required for this task; the examination must necessarily be conducted by those who are specially interested in and acquainted with the details, and all that is wanted is an officer qualified to preside and see that proper notes of the proceedings are taken down and authenticated, so as to be afterwards used in evidence if necessary. I would therefore suggest that the power of the Court, under the Act of 1869, to appoint substitutes be not interfered with, and that the following addition should be made to section 33, sub-section 1:—

Such examination shall be conducted by the Court, or, subject to the control of the Court, by the trustee, the official receiver, or by any creditor who has proved his debt. The debtor shall answer all such questions relative to his estate, and to the causes which have led to his bankruptcy, as the Court may require; and such particulars as the Court may think

necessary shall be taken down in writing and signed by the bankrupt, and such statement may thereafter be used in evidence.\*

The Bill does not contain any provision for the inspection of the debtor's books by any creditor. This is an unfortunate omission, which, I think, ought to be remedied by the following or similar addition to § 33, viz. :—

(5.) The notes of the debtor's examination and the books and accounts of the debtor shall (except in so far as the Court may order otherwise) be open to the inspection of every creditor who has proved his debt at all reasonable times.

9. The provisions respecting the valuation of the security held by a secured creditor cannot be deemed satisfactory. In the first place, no creditor is to vote in respect of a current bill of exchange unless he treats the liability of *every other party to the bill* as a security to be valued and deducted from his proof, in which case he is to give up the security for the benefit of the bankrupt's estate on being paid the amount of the valuation (§ 17). This is a perfectly legitimate requirement *where the bankrupt is not the principal debtor* on the bill, but where he is the acceptor it would simply amount to confiscation if a creditor were compelled to surrender for the benefit of the estate the obligation of the indorsers, an obligation to which the bankrupt's estate never had and never could have the slightest claim. In fact, the clause as it stands would practically disfranchise all bankers and others from voting on a debtor's estate on a current bill of exchange, although the debtor was himself the principal obligant. What is probably meant, and what ought certainly to be provided, is that—

A creditor shall not vote in respect of a bill of exchange or promissory note unless he is willing to treat the liability to him of every person liable on the bill or note *antecedently to the debtor, and who is not a bankrupt*, as a security, &c., &c.† (See Appendix page 284.)

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\* It is not contemplated by this proposal, as seems to have been thought, that this examination is to be *presided over and controlled* by the official receiver or trustee, &c.; all that is proposed is that these officers or any creditor may, subject to the consent of the Court, put such questions to the debtor as they think proper. This is the practice in Scotland.

† This amendment is in accordance with § 6 of the Bill of Sir John Holker of last Session, and also with § 60 of the Scotch Act upon this subject.

The following supposed case shows how the provisions of the Bill would operate as they at present stand.

A becomes bankrupt with direct liabilities for £10,000; but he has accepted bills for these to the extent of £8,000. The drawers of these bills would, if they held them, be entitled to vote on A's estate, but they have discounted them, and the bills being current, they are precluded from voting, not being in possession of the bills. The actual holders, according to the clause as it stands, will be precluded from voting upon the bills, unless they value their contingent claims upon the drawers, which of course they cannot do, seeing that they cannot tell



*Further*, the power of the Court to make rules as to the valuation of securities held by creditors (as provided by sections 16 and 78 of the Act of 1869) is left untouched (§ 16, sub-sec. 6), and it is under the rules so framed that the present unfair obligations have been imposed upon a secured creditor.

It is as well to recall briefly what these obligations are. Under the existing law no partially secured creditor can vote or draw a dividend without putting a valuation upon his security, and *such valuation cannot under any circumstances be altered*. Now, there are many securities the actual value of which cannot even be approximately ascertained until they are put into the market, and which, especially in times of great commercial depression, it would be most injurious both to the estate and to the creditor to sell without a considerable preliminary notice (and this fact is fully recognised in the analogous case of the sale of estates in the Court of Chancery, where the Court will not permit valuable property to be thrown upon the market without proper notice and under proper restrictions). No allowance, however, is made for such circumstances in bankruptcy. A creditor is bound to put an unalterable valuation upon his security at once, and unless he does so within seven days of being so required by the trustee the latter may divide every farthing of the estate among the other creditors, even though he has notice that a claim will be made when the security is sold. Such is the authoritative definition of the law by the Court of Appeal. But this is not all the hardship. If the security, when sold, realises more than the valuation the creditor is punished for his mistake by being compelled to hand over the surplus to the trustee; while, if it realises less, he is again punished by being prevented from increasing his claim upon the estate. Do what he will, therefore, a fraud is practised upon him. And this most illogical and illegal treatment is not the work of Parliament, but of the lawyers who have devised the Rules of Court. Nor is there any adequate attempt to remedy this state of matters in the present Bill.

It is provided that "any person interested may within a *prescribed* time after the date of the adjudication, and on payment of the creditor's valuation of his security," require a surrender of the security for the benefit of the creditors. It is true, and this is an important concession, that a creditor may amend his proof (sub-sec. 4), but only with the leave of the official receiver or trustee, and if the

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whether the drawers will pay them at maturity or not. The remaining creditors for £2,000 will thus have the entire control of the estate, and may appoint a trustee, agree to a scheme of arrangement, or accept a composition to the prejudice of the drawers of the bills, should they pay them at maturity, or to that of the holders, should they not do so. In other words *four-fifths* of the entire creditors will, at a stroke, be precluded from taking any part in the administration of the estate, at all events until their interference is practically useless.

latter refuses to allow an amendment, the creditor has no redress. There is no good reason why the time within and the conditions under which the surrender of a security is to be demanded should not be fixed by the Act, instead of being left to the action of a hostile trustee or to the tender mercies of some irresponsible draughtsman acting in the name of the Lord Chancellor. This is a most important question for bankers, and I submit that we are entitled to ask that a proper statement of the law upon this subject be inserted in the Bill, on some such basis as the following proposed amendments, viz. :—

1. By repealing § 16 and § 78 of the Act of 1869, in so far as they leave the valuation of securities to be dealt with by rules of Court.

2. In § 16 of this Bill, cancel sub-section No. 4 (and substitute No. 5 as No. 4); also cancel Nos. 6 and 7, and insert the following :—

(5.) Any creditor who has valued his security under this Act may at any time amend such valuation on showing to the satisfaction of the trustee, or of the Court on appeal, that the security has diminished or increased in value since its previous valuation.

(6.) The trustee may at any time require a surrender of any security so valued at the valuation price, provided that prior to notice of such demand the creditor has not forwarded to the trustee or receiver an amended valuation, in which case the creditor shall (if the amendment is allowed) only be bound to surrender his security on payment of such amended valuation.

(7.) The trustee may at any time require the creditor to take to his security in part satisfaction of his debt at the amount of the valuation or amended valuation, as the case may be.

(8.) The trustee may at any time require the property comprised in any security held by a creditor to be sold by public sale, and such security shall be sold accordingly, at such times and on such conditions as the creditor and the trustee may mutually agree, or, failing such agreement, as the Court may direct, provided that at such sale the creditor holding such security shall be at liberty to bid for, and if the highest bidder to become the purchaser of the same, notwithstanding any law, agreement, or practice to the contrary.

(9.) If the trustee has not required the creditor to take to his security in terms of this section, then on the sale of the same, the amount realised shall be substituted for the amount of any valuation which may previously have been made by such creditor.

(10.) Where any proof has been amended in terms of this section, the creditor shall forthwith repay any surplus dividend which he may have received in excess of that to which he would have been entitled on such amended proof, or shall, as the case may be, receive an equalising dividend, &c., &c. (as set forth in § 16, sub-sec. 4).\*

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\* These clauses do not provide for cases where the trustee declines to do anything, and leaves the ultimate settlement of the question uncertain. To meet this objection I would further suggest the following clause, viz. :—

(II.) *Any creditor may at any time by notice in writing require the trustees to elect whether the security shall be sold, surrendered or taken to as hereinbefore provided, and the trustee shall forthwith consult the Committee of Inspection or the creditors thereon, and take their instructions, and in the event of the trustee failing within two months from receiving such notice to give to such creditor intimation in writing of his demand that the security should be sold, surrendered, or taken to as aforesaid, the security shall be deemed to be the absolute property of such creditor, and the amount of his debt shall be reduced by the amount of the valuation which he has placed upon the same.*

These provisions would, in my opinion, amply secure the estate against depreciated valuations, whilst they would relieve prudent creditors from that vindictive system of spoliation to which they are at present subjected under the rules of Court.

10. The "suggestions" as to the limitations to be imposed on the bankrupt's discharge in the event of misconduct are adopted by the Bill (§ 35), with the additional proviso that before the Court adjudicates upon the question, it shall be furnished with a report by the official receiver as to the bankrupt's conduct and affairs. Twenty-one days' notice of the appointment for hearing the application for the debtor's discharge is to be given to every creditor. These provisions are quite satisfactory; but there is another portion of this clause which I think errs in an opposite direction, by operating unfairly against the bankrupt. Sub-section 2 requires the consent of a majority in number, and *three-fourths* in value of all the creditors, to enable the debtor to apply for his discharge "during the continuance of the bankruptcy." I think the insertion of this clause must have been an oversight. The Court, after hearing any creditor, and considering the report of the representative of the Board of Trade, and the debtor's own examination on oath, is very properly constituted the *sole* judge whether he is entitled to his discharge, or whether, owing to misconduct, that discharge should be refused, withheld, or modified. If he is innocent, and his bankruptcy is proved to be the result of misfortune, he will be discharged at once. Why then require the consent of *three-fourths* in value of his creditors? *Why require any consent at all?* Any innocent man may be overtaken by misfortune, and in such a case to give one or two selfish and vindictive creditors the right to bar his application for a discharge, without reason assigned, would be such an act of oppression as I am quite satisfied the authors of the Bill never intended to sanction. The bankrupt should, after passing his examination, or say within three months thereafter, be allowed to apply to the Court without any let or hindrance, and if the creditors or any of them then object to his discharge, it is for them to substantiate their objection before the Court. I recommend, therefore, that—

Sub-section 2 of § 35 should be omitted from the Bill.

11. In accordance with this suggestion, the 125th and 126th sections of the Act of 1869, relating to liquidation by arrangement and composition without an adjudication in bankruptcy, are repealed (§ 3). The 28th section, relating to a composition or scheme of arrangement *after* an adjudication in bankruptcy, is also repealed, and in lieu thereof the following provisions are made (§ 19), viz., A scheme of arrangement of the bankrupt's affairs, or a composition of not less than 5s. in the pound may be entertained by a *special* resolution of creditors at the first or at any subsequent meeting. This resolution may be confirmed at a subsequent meeting

by an *ordinary* resolution, that is, a majority in number and value of the creditors represented; but the confirmatory resolution shall not be passed until after the bankrupt has passed his public examination, nor unless *three* days' notice, stating generally the terms of the proposal, and a report of the official receiver or trustee in regard to it, has been previously circulated among the creditors. If the resolution, when confirmed, is approved by the Court, after considering a report by the official receiver as "reasonable, and calculated to benefit the general body of creditors," it is to be binding upon all the creditors, "so far as relates to any debts due to them and provable under the bankruptcy." But the approval of the Court may be withheld if it finds that the debtor has committed such misconduct as would justify the Court in refusing, qualifying, or suspending his discharge under the 35th Section. If default is made in payment of any sum due in pursuance of the composition or scheme, the proceedings in bankruptcy are to revive and continue as if the composition had not been accepted. I consider the provisions of this clause to be entirely satisfactory except that I would suggest that

*seven* days' notice should be given to the creditors of the proposed scheme or composition

instead of three, as the latter period would not allow sufficient time for consideration, especially for creditors at a distance.

12. The power of the Court to make rules is not interfered with or modified by the present Bill. It is evident, however, that in the event of its becoming law, a consolidation Bill or code of bankruptcy will become an absolute requirement at no distant date, when this question can be more effectively dealt with.\*

13. The debtor's estate is placed under the control of the creditors at the first meeting, which must be held within seven days of the adjudication, or such extended period as the Court may under special circumstances direct (§ 15). It appears to me that seven days is too short a period to admit of the preparation of the necessary statements by the debtor, and of their examination by the official receiver. It will thus lead to constant applications to the Court for a more extended period, until what is intended to be the rule will become the exception. This is not desirable, and it would be better to—

Amend §15 by extending the ordinary *maximum* period to *fourteen* days from the adjudication, and providing for *seven* days' notice being given in the *Gazette*, and (unless the Court shall otherwise direct) by circular to all the creditors mentioned in the debtor's statement.

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\* It is however extremely desirable that all Rules of Court should hereafter receive the approval of the Board of Trade, so as to secure a more effectual control over and means of rectifying them where necessary.

In that case also—

The time allowed to the bankrupt (under § 14) to furnish the receiver with a statement of his assets and liabilities ought to be extended to seven days instead of three.

**14.** The question of proofs of debt is not dealt with in the manner set forth in this suggestion, which, I think, is unfortunate, as the absence of any evidence of the debt except the creditor's affidavit (which is all that is required under the existing Rules of Court—see Rules 67 *et seq.* of 1870) has been, and unless amended, will continue to be, the source of unlimited mischief, in permitting the creation of fictitious and colourable proofs for voting purposes, and will thereby go far to defeat some of the best provisions in the Bill. It is not necessary in order to produce this result that these proofs should be *fraudulent*, they may merely be such as would be rejected by a court of law if the circumstances connected with them were fully known. To meet this, therefore, I suggest the following addition to § 16, sub-sect. 2., viz. :—

Such proof shall state the amount of the debt alleged to be due, the consideration in respect of which, and the dates when, the same was incurred, together with any payments received on account, and shall be verified by the creditor's affidavit. It shall also be accompanied by the bills of exchange, promissory notes, and other vouchers necessary to substantiate the same, which shall be marked by the receiver or trustee, and, where required, shall be returned to the creditor after examination.\* (See Appendix, page 262.)

**15.** This "suggestion" is met by giving power to the creditors by an ordinary resolution to remove a trustee (§ 24), and to the Board of Trade (subject to appeal to the Court) to refuse to confirm a trustee's appointment, or remove him afterwards, if satisfied that his appointment is not in the interests of the creditors generally (§ 20, sub-secs. 2 and 3).

**16.** The bills of solicitors must be rendered for taxation within seven days of being demanded by the trustee, and the trustee must demand them before declaring a dividend (§ 26, sub-secs. 2 and 3). I think this will prove satisfactory if it were further provided that—

They shall be demanded at least every four months,

otherwise their non-delivery may be used as an excuse by the trustee for not declaring a dividend. The latter part of the suggestion that it should be deemed a criminal offence for a solicitor or other agent to share remuneration with the debtor or trustee, although it refers to a mischievous and yet a common practice, has

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\* NOTE.—This is in accordance with the provisions of the Scotch Act, § 49 & 50, and there is not the slightest difficulty experienced in Scotland in carrying it out.

not been dealt with, probably owing to practical difficulties in the way of enforcing such a provision. The evil would be greatly reduced, however, if the suggestion under paragraph 6 above is adopted.

17. In regard to proxies I do not think the provisions of the Bill (§ 18) are quite satisfactory. Special forms of proxy are to be provided, and only one form to be issued by the official receiver or trustee to the same creditor for the same meeting. It is only to be available for a specified meeting or adjournment. It is not to be used by the holder for his own appointment as trustee, nor is the debtor's solicitor or his employee to hold one at all. It seems to me that these provisions are cumbrous, and will not be effectual. They do not meet the case of blank proxies and "touting" trustees, who will simply collect the official forms signed in blank and then fill in the name of some one else to vote for them, or sell them to the highest bidder. What I would suggest as a more effectual, as well as a more reasonable, provision, in place of § 18, would be as follows, viz. :—

1. Any creditor may give a *general* proxy or authority to act for him to his manager, clerk, or other person in his regular employment, whose vote on all matters shall be equivalent to his own, the proxy in that case setting forth the capacity in which the nominee stands to the creditor.

2. Any creditor may give a *special* proxy to vote for any specific resolution or for any trustee or member of committee, provided the name of such trustee or member is filled in before execution.

3. No proxy may be used unless deposited with the official receiver at least forty-eight hours before the meeting of creditors at which it is to be used.

4. Clause 46, sub-section (d), which restricts the use of proxies to forms issued by the official receiver should be cancelled.

5. Under any circumstances, sub-section 8 of section 80 of the Act of 1869, under which proxies are at present issued, ought to be repealed.

18. The suggestion that a certain number of creditors should be empowered to call upon the trustee to summon a meeting is not dealt with except in the case of a vacancy arising in the office of trustee, when any creditor may require the official receiver to summon a meeting of creditors. But in addition to this—

The creditors should have power, by requisition to the receiver or trustee, signed by one-fourth in value of the creditors who have proved their debts, to require a meeting to be held at any time,\*

so as to give them a more complete control over the administration of the estate.

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\* It should also be provided that all meetings shall be held at a place convenient for the creditors. Under the present law, all meetings in *bankruptcy* are held at the Bankruptcy Court, which (especially in London) is extremely inconvenient and costly, as it practically involves the employment of agents or counsel,

*III.—Proposed further alterations not dealt with in the “Suggestions” of the Council.*

The following questions are dealt with by the Bill, in addition to those already mentioned :—

**19.** By § 4 the limit of the debt of the petitioning creditor is reduced from £50 to £20. I am not aware of the arguments in favour of this reduction, but, so far as I am aware, there is no occasion for it, and it may work harshly in some cases.

**20.** By the same clause, a petitioning creditor's debt may be a “growing due” debt, *e.g.* a current bill of exchange. I think this is reasonable, seeing that it must be accompanied by proof of an act of bankruptcy on the part of the debtor.\*

**21.** § 16, sub-sec. 7, provides that no proof shall be admitted or amended after the expiration of *three months* from the date of adjudication except under special circumstances approved by the Court as *sufficient to justify the delay*. I think this provision is wholly unnecessary and may operate most harshly. If a creditor does not lodge his proof in time before the declaration of a dividend he is excluded from it; surely that is sufficient penalty without saying that because he has been so careless as to miss a *first dividend* when it was declared he is *never to have a claim to a dividend at all*. I suggest therefore that

Sub-sec. 7 should be omitted from the Bill.

**22.** By § 21 the appointment, or otherwise, of a committee of inspection is made *optional*, instead of being compulsory as at present. I do not think it an improvement.

**23.** § 34, relating to the closing of the bankruptcy, and the corresponding clause (47) in the Act of 1869, are to my mind unnecessary, and may under the altered circumstances created by this Bill give rise to serious complications. What is the meaning of the “close of the bankruptcy?” It cannot mean the bankrupt's discharge, for a bankrupt may be discharged long before the close of a bankruptcy. Neither can it mean the release of the trustee, for that is provided for under § 32. What, then, does it mean? Is it intended, by closing the bankruptcy, to forfeit all unclaimed dividends in the hands of the Paymaster-General? If so, this is a most objectionable provision; and if it does not mean any of these three things I cannot see what it can possibly be intended to mean. If, on the other hand, in compliance with this clause, the Court makes an order that the bankruptcy has closed, on being satisfied that “the whole property of the bankrupt has been realised,” what becomes of the future

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\* But how inconsistent to allow a creditor to make a debtor bankrupt on a current Bill of Exchange and then *prevent him voting at the meeting of creditors*;

liability of the bankrupt where he has been refused his discharge under the 35th Section? If, in consequence of misconduct, his future earnings are to any extent made answerable for his debts, how can the bankruptcy be closed while that liability subsists? As it can lead, therefore, to nothing but confusion, I submit that

This clause 34 ought to be omitted.

When the bankrupt is discharged, the trustee released, and all the dividends paid, the bankruptcy will have closed without any special provision on the subject.

**24.** § 36. By this clause it is provided that a bankruptcy may be *annulled* when the debts are paid in full, or when, where a bankruptcy is closed, and the bankrupt has passed his public examination, the Court is satisfied, after taking into consideration the report of the official receiver, that the bankruptcy arose from misfortune, without any misconduct on the part of the bankrupt. I think this clause is one to be supported, in the interests of honest but unfortunate traders, but for the reasons mentioned before I would suggest that—

Instead of the words “when a bankruptcy is closed,” the words “when a bankrupt has obtained his discharge,” should be inserted.

**25.** § 37 to 39 contain some very proper disqualifications of a bankrupt from holding public offices, or sitting in Parliament for *seven* years from the date of the adjudication, unless it is in the meantime annulled on the ground of payment of the debts in full, or of misfortune.

**26.** § 41 to 42 authorise the Court to order a prosecution of a fraudulent bankrupt on the report of the official receiver, and where the Court has ground for believing the bankrupt guilty of any fraudulent offences, it may at once commit him for trial, without the necessity of making application to a criminal Court.

**27.** § 43 provides that in all estates not likely to exceed £300, the official receiver shall be trustee, unless the creditors appoint some other person. I have already dealt with this question under No. 6.

**28.** § 48 to 50 abolish the Court of Bankruptcy and transfer the business to the Chancery Division of the High Court of Justice, with power to appoint an additional judge. I scarcely feel qualified to express an opinion upon this subject. It is of more interest to lawyers than to mercantile men.

**29.** § 51 requires a debtor to present his petition in bankruptcy to the Court of the district where he has resided or carried on business for the longest period during the six months preceding the petition. This is a useful amendment of the present law.

**30.** § 52 requires the power of committal for contempt, and any question of law, or involving the exercise of *judicial discretion*, which any person interested may so desire, to be determined by the judge and not by the registrar.



**31.** § 54 regulates appeals in bankruptcy matters, the principal feature being that appeals from the County Courts shall be direct to the Court of Appeal; a very satisfactory proposal, as tending to shorten time and expense.

**32.** § 57 provides for the administration of a deceased person's estate in bankruptcy, which is also highly satisfactory.

**33.** § 63 prevents a landlord distraining after an adjudication in bankruptcy for rent due before, but permits him, with the leave of the Court, to distrain for rent due subsequently.

**34.** § 67 makes the provisions of the Act applicable to married women acting otherwise than as the agents of their husbands.

I have now gone through nearly every provision of the Bill of any practical importance, and the only further points which occur to me as worthy of consideration with the view of making the measure as comprehensive as possible are embodied in the two following suggested clauses, viz. :—

\* **35.** A creditor shall not vote at any meeting in respect of any proof unless the same has been lodged with the receiver or trustee at least 48 hours before the holding of such meeting. And every creditor who has lodged a proof shall be entitled to see and examine the proofs of other creditors before the first meeting and at all reasonable times.

\* **36.** The trustee shall make up and submit to the committee every four months a statement showing the particulars of all proofs lodged on the estate, the securities held, and the valuations placed thereon, and also distinguishing those which have been admitted and those which have been rejected, with the grounds for such rejection, if any, and all other particulars necessary to enable the committee to form a proper estimate of the liabilities of the estate, and such statement shall be open to inspection at the instance of any creditor who has proved his debt at all reasonable times. Any person interested may bring under the notice of the Court any neglect on the part of the trustee in adjudicating upon any proof, as required by the principal Act or this Act, or any adjudication thereon which, in the opinion of such creditor, is unfair and not in the interest of the other creditors; and the Court may, on hearing parties make such order in the matter as it shall think fit, and may hold the trustee personally liable for the consequences of any such conduct or neglect, provided that the Court may, if it think that the person so applying had not sufficient grounds for making such application, find him liable in expenses.

The object of these clauses is, *first*, to enable a proper investigation of all proofs to be made before they are used for voting purposes, for it is clear that the time of a meeting of creditors should not be occupied by questions of this sort; and, *second*, to secure impartial dealing with all proofs by the trustee in regard to which point (strange to say), there are no provisions either in the Act of 1869, or in the present Bill, though it is one which is fully provided for in the 126th and 127th Sections of the Scotch Act.

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\* See Appendix, pages 284-5.

These notes have proved somewhat longer than I intended, or desired, but I have found it impossible, in shorter compass, to deal with the many points involved in this very comprehensive measure. I would only say, in conclusion, that while the form of the Bill as an amending instead of an amending and consolidating measure, may, to some extent, enhance the difficulty already felt of ascertaining the law upon any point, and may therefore point to the necessity for having a more competent digest than any we at present possess, I cannot doubt that it is the intention of Government, if it becomes law, to follow it up as soon as possible with a consolidating or codifying measure, in which the whole of the complicated provision of the bankruptcy law shall be brought into a simple and well-ordered arrangement. I have on a previous occasion, through the kind invitation of the Council, had an opportunity of pointing out the various differences betwixt the English and the Scotch systems of bankruptcy, and the great superiority of the latter. I am bound, however, to say that if this Bill is adopted subject to these suggested amendments, and provided that no new disturbing element in the shape of "experimental" legislation is introduced, we shall have reason to congratulate ourselves in having secured a measure in no way inferior to the Scotch bankruptcy law, while it will in some respects undoubtedly be superior. I have already noticed the groundlessness of one objection to the Bill, in regard to what is termed its tendency to officialism. The only other objection, so far as I am aware, is that taken by a London daily newspaper, which describes it as "a measure which recalls the severity of the older bankruptcy laws for the mere purpose of promoting what Mr. Chamberlain calls public morality."\* But just as on the one hand no honest and honourable trustee will object to submit his accounts to an independent audit, so on the other hand no honest and honourable trader will object to the exclusion of reckless and dishonest traders from the benefits of the Bankruptcy Acts. In fact, in both of these respects the Bill will only fulfil the first requirements of any measure of administrative justice, inasmuch as it proves "a terror to evil-doers, but a praise to them that do well."

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\* *Morning Advertiser*, 9th April, 1881.

## APPENDIX.

THE subject of proofs of debt and votes on bills of exchange being of special interest to the banking community, it is thought desirable to show, in a collective form, the precise amendments in the Government Bill suggested in the foregoing paper in regard to these two points.

### 1.—PROOFS OF DEBT.

The following are the provisions of the Bill, as per Clause 16:—

**16.** (1.) Every creditor shall send or deliver his proof of debt as soon as may be after the adjudication.

(2.) The proof shall be sent or delivered to the official receiver, or, if a trustee has been appointed, to the trustee.

(3.) The official receiver and trustee shall respectively have power to accept or reject proofs, subject to appeal to the Court.

(4.) A creditor may, with the leave of the official receiver or trustee, amend his proof, and thereupon shall be entitled to be paid out of any money for the time being available for dividend any dividend or share of dividend he may have failed to receive by reason of the inaccuracy of his original proof, before that money is made applicable to the payment of any future dividend, but he shall not be entitled to disturb the distribution of any dividend declared before the date of the amendment.

(5.) A secured creditor shall state in his proof the particulars of his security, and the value at which he estimates it, and shall be deemed to be a creditor only in respect of the balance due to him after deducting the value so estimated.

(6.) A secured creditor shall, on application made by any person interested within a prescribed time after the date of adjudication, and on payment of the value of his security as estimated in his original or amended proof, give up his security to be dealt with as part of the property of the bankrupt for the benefit of the creditors.

(7.) No proof shall be admitted or amended after the expiration of *three months* from the date of the adjudication, except under special circumstances approved by the Court as sufficient to justify the delay.

The following are suggested in place of the above:—

**16.** (1.) Every creditor shall, as soon as may be after adjudication, send or deliver his proof of debt to the official receiver, or, if a trustee has been appointed, to the trustee.

(2.) Such proof shall state the amount of the debt alleged to

be due, the consideration in respect of which, and the dates when, the same was incurred, together with any payments received on account, and shall be verified by the creditor's affidavit. It shall also be accompanied by the bills of exchange, promissory notes, and other vouchers necessary to substantiate the same, which shall be marked by the receiver or trustee, and, where required, shall be returned to the creditor after examination.

(3.) The official receiver and trustee shall respectively have power to accept or reject proofs, subject to appeal to the Court.

(4.) A secured creditor shall state in his proof the particulars of his security, and the value at which he estimates it, and shall be deemed to be a creditor only in respect of the balance due to him after deducting the value so estimated.

(5.) Any creditor who has valued his security under this Act may at any time amend such valuation on showing to the satisfaction of the trustee, or of the Court on appeal, that the security has diminished or increased in value since its previous valuation.

(6.) The trustee may at any time require a surrender of any security so valued at the valuation price, provided that prior to notice of such demand the creditor has not forwarded to the trustee or receiver an amended valuation, in which case the creditor shall (if the amendment is allowed) only be bound to surrender his security on payment of such amended valuation.

(7.) The trustee may at any time require the creditor to take to his security in part satisfaction of his debt at the amount of the valuation, or amended valuation as the case may be.

(8.) The trustee may at any time require the property comprised in any security held by a creditor to be sold by public sale, and such security shall be sold accordingly, at such times and on such conditions as the creditor and the trustee may mutually agree, or, failing such agreement, as the Court may direct, provided that at such sale the creditor holding such security shall be at liberty to bid for, and, if the highest bidder, to become the purchaser of the same, notwithstanding any law, agreement or practice to the contrary.

(9.) If the trustee has not required the creditor to take to his security in terms of this section, then on the sale of the same, the amount realised shall be substituted for the amount of any valuation which may previously have been made by such creditor.

(10.) Any creditor may at any time, by notice in writing, require the trustee to *elect* whether the security shall be sold, surrendered, or taken to as hereinbefore provided, and the trustee shall forthwith consult the committee of inspection or the creditors thereon, and take their instructions, and in the event of the trustee failing within two months from receiving such notice, to give to such creditor intimation in writing of his demand that the security should be sold, surrendered, or taken to, as aforesaid, the security shall be deemed to be the absolute property of such creditor, and

the amount of his debt shall be reduced by the amount of the valuation which he has placed upon the same.

(11.) Where any proof has been amended in terms of this section, the creditor shall forthwith repay any surplus dividend which he may have received in excess of that to which he would have been entitled on such amended proof, or, as the case may be, shall be entitled to be paid out of any money, for the time being, available for dividend, any dividend or share of dividend he may have failed to receive by reason of the inaccuracy of his original proof, before that money is made applicable to the payment of any future dividend, but he shall not be entitled to disturb the distribution of any dividend declared before the date of the amendment.

(12.) The trustee shall make up and submit to the committee every four months a statement showing the particulars of all proofs lodged on the estate, the securities held, and the valuations placed thereon, and also distinguishing those which have been admitted and those which have been rejected, with the grounds for such rejection if any, and all other particulars necessary to enable the committee to form a proper estimate of the liabilities of the estate, and such statement shall be open to inspection at the instance of any creditor who has proved his debt at all reasonable times. Any person interested may bring under the notice of the Court any neglect on the part of the trustee in adjudicating upon any proof, as required by the principal act or this act, or any adjudication thereon which, in the opinion of such creditor, is unfair and not in the interest of the other creditors; and the Court may, on hearing parties make such order in the matter as it shall think fit, and may hold the trustee personally liable for the consequences of any such conduct or neglect, provided that the Court may, if it think that the person so applying had not sufficient grounds for making such application, find him liable in expenses.

## 2.—VOTES ON BILLS OF EXCHANGE.

The following are the terms of the Bill, as per Clause 17, the words in *italics* being suggested as an amendment, and the four words within brackets to be left out:—

**17.** A creditor shall not vote in respect of any debt on or secured by a current bill of exchange or promissory note held by him, unless he is willing to treat the liability to him thereon of every person *who is liable upon the bill or note antecedently to the debtor and is not a bankrupt* [other than the debtor] as a security in his hands, and to estimate the value thereof, and deduct it from his proof, in which case he shall, on application within the prescribed time by any person interested, give up the security for the benefit of the bankrupt's creditors on payment of the value so estimated: Provided that this estimate shall not, except as far as the

creditor receives any such payment as aforesaid in respect thereof, prejudice the right of the creditor to receive from the bankrupt's estate a dividend on the whole amount of the debt.

The following clause is also suggested as applicable to all votes at meetings of creditors :—

*2. A creditor shall not vote at any meeting in respect of any proof unless the same has been lodged with the receiver or trustee at least 48 hours before the holding of such meeting. And every creditor who has lodged a proof shall be entitled to see and examine the proofs of other creditors before the first meeting and at all reasonable times.*

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#### DISCUSSION ON MR. SMITH'S PAPER.

The PRESIDENT (Sir John Lubbock, Bart., M.P.) : We are all very much indebted to Mr. Smith for his able exposition of this Bill, and I think we shall agree that we are indebted to the Government for making an honest, and, I think, on the whole, a successful attempt to grapple with this question. That some alteration in the present law is necessary has been deeply felt by all those engaged in commerce. We have to thank Mr. Smith for a considerable number of suggestive amendments which commend themselves very much to my judgment. One point on which I confess I am not quite satisfied with the Bill, and on which I differ apparently from Mr. Smith, is as regards officialism. Mr. Smith has already noticed the objections to the Bill, with regard to its tendency to officialism, and I am glad to feel that if there be a difference between us it is not one of principle but one of practice, because Mr. Smith has himself initiated the sound principle that the creditors should be left perfectly free to deal with property of the bankrupt; and, therefore, the only question that arises is how far that principle is effectively carried out by the Bill. Mr. Chamberlain's main principle is that there are two questions to be considered—one the conduct of the bankrupt, and the other the realisation of the property, and probably there will be no difference of opinion that the conduct of the bankrupt is a question which very materially concerns the public; and, on the other hand, when we come to the assets of the bankrupt it appears to me we shall all agree that they are the exclusive property of the unfortunate creditors. Now, I cannot see what there is mysterious or sacred about the assets of a bankrupt, or why there should be this elaborate machinery to protect the creditors with reference to that portion of their property which consists of certain debts due to them. It is, of course, often said that the creditors will not look to their own interests—that practically they do not, and that it is

necessary that the Government should do that which they will not do for themselves. But why do creditors neglect these matters? Simply because they have no power under the present state of the law. Mr. Chamberlain himself showed that when a trustee is once appointed, practically he is omnipotent, and the creditors naturally do not look after the property because they have no power and are bound by the trustee, and under these circumstances they do not care to give themselves useless trouble and waste valuable time. But once give the creditors real power to deal with their property and I do not believe they will neglect that part of their property more than any other. I think we should endeavour to assimilate the realisation of these assets as much as possible to the mode in which companies are managed. It is indeed said that those who maintain this view forget that there are matters on which creditors cannot all be consulted; but that applies to all Joint Stock property. You must trust to certain people to manage it for you, and a minority always must give way to the majority. It appears to me that the suggestions which this Institute made, and to which I am glad that Mr. Smith has given his great weight and support, that the creditors should have a greater power to call upon trustees for information, and to remove them if they think they are not carrying on liquidation wisely, point to the proper course to be pursued; and I cannot help thinking if that be done the creditors might be able to manage assets for themselves. Now, the 28th clause prescribes "that all moneys above £50 shall be paid into the credit of the Paymaster-General." I do not see why money received from the realisation of assets in the provinces should all be remitted to London. It is most important it should be paid to a separate account, and one over which the creditors should have control; but I see no need why it should be paid to the account of the Paymaster-General, because after a while the Paymaster-General will either merely receive the money with one hand and pay it out with the other, in which case there is a roundabout process without any advantage; or he may take the view that this was a very important duty, and that he must look into the accounts and satisfy himself that he is justified in paying out the money. In this case the clause would certainly cause delay, and the result would be still further to postpone the payment of the dividends. The one point, therefore, which I should like to urge is that the creditors should have more absolute power over the assets, and much more than at present, and even more than the Bill gives them.

MR. SAMUEL MORLEY, M.P.: I came to listen and not to speak on this occasion, and I have listened with great pleasure to the paper. I hope the Bill will lead to a codification of the law, which will simplify very much the action of creditors and the general work of the Court. One or two points have been considered to which

I should like to refer—as to the action of the creditors. Belonging to the creditor class I think they ought to have power over the property which unquestionably belongs to them, and it ought to pass without loss of time or expense into the hands of those to whom it belongs. In the proceedings, however, under the Bankruptcy Act of 1869, creditors have by proxies immediately divested themselves of all future power, which has passed into the hands of a set of trustees who have plundered us enormously. I am prepared to show that nothing will be satisfactory that does not give to the creditors power over their property, with a reasonable inspection or supervision of the Court; and I hope that this will be secured in an inexpensive manner. I should look with jealousy to a return to the present system, under which, I must submit, the creditors have failed to do their duty. I believe we have lost more money under the management of creditors than we lost under the old official system. Anyone who remembers the appointment of the official assignees will know they were a class about as unfit for the position to which they were appointed as they could well be. With reference to the proof of debts and valuation of securities, it is important that we should be secured from the proof of debts which are to a large extent secured, without the proper deduction of the amount of such security. It is exceedingly difficult to arrive at a satisfactory method in dealing with these matters, but I will carefully study the suggestion Mr. Smith has made as to how far we can act unitedly in preventing this mischief. I have known a great number of cases in which a large claim has been proved, and in which the bankrupt has secured votes for the choice of assignees and other appointments, and in which not one shilling has been ultimately proved against the estate. I mean the securities were so ample that there was really no claim against the estate. Whether the Bill is sufficient in that respect, or whether the suggestions made by Mr. Smith are better, I hope, without any feeling of antagonism, we shall be able to arrive at a common judgment. As to the payments being made to the Paymaster-General the difficulty is to secure the safe custody of the money, and it will never do to let it be paid to private bankers unless there are two or three names in each account. There ought to be security that the money is so deposited as to be safe from the hands of the trustee. I believe it is not exaggeration to say that there are some millions of money at this moment in the hands of various trustees. There is a clause directing that that money should be immediately paid in to the account of the Paymaster-General. I think we have the best prospect we have ever had of a measure that will do justice to the honest debtor, and take care that the dishonest debtor shall be subjected to such investigation as every right-minded person would wish he should be subjected to.

Mr. RICHARD B. MARTIN, M.P.: I do not myself quite see why £20 has been fixed instead of £50, the present amount; I should



have thought that debts under £50 would have been sufficiently well dealt with by County Court summonses. I believe it was at Mr. Morley's suggestion that that amount was decreased. We may congratulate the Institute on the part it has taken in the formation of this Bill, and that we have a commercial and not a lawyer's Bill. I should like to see the day when we shall have a Minister of Trade, and when traders are compelled to keep proper and sufficient books of account. If a person undertakes business, however small, and incurs liabilities and responsibilities he ought to be placed under heavy penalties if he does not keep the very simple books which should record all his transactions. I think I am right in saying that that is the law in almost every other country than our own. It certainly is the law of France that a ledger (*grande livre*) must be kept, and the want of such a book at once becomes a criminal offence. It would tend to keep business habits among a small class of traders, and I should like to see such a measure properly advocated by those interested in the trade and commerce of the country. With regard to the officialism of which Sir John Lubbock has spoken, it is pre-eminently a feature of this Bill, and one not acceptable as a general policy. I should prefer to see a provision made for giving legal powers to those trade associations whose object and reason of existence is to look after bankruptcy proceedings in the different classes of trade in which they have been started. These associations do a very useful work indeed, and the encouragement of them by provisions in the Bill would be a great advantage. It might require considerable skill to bring them in, but if any clauses could be introduced giving such voluntary associations of different trades power to look into the proceedings, it would certainly be a step towards enabling us to manage our own affairs, and the more that can be done the better. With regard to payment into the Paymaster-General's account of sums exceeding £50, I cannot reconcile that with Clause 31, which says, "That every trustee and receiver shall, on the 30th day of June and the 31st of December, file a list of all balances belonging to the various estates, and leave with the Comptroller the pass-book or pass-books verifying the balances." The trustee would not be able to have a banking account if he was to pay everything to the Paymaster-General, and unless this is capable of some explanation I do not see how it could be managed. It is always difficult to get money out of the Court of Chancery, and it would delay all the payments to meet current expenses and bills that might be coming due, and probably result in money being borrowed from the ordinary bank on the good faith of the trustees, and afterwards adjusted and repaid. I should like to hear the real solution of this difficulty, because it seems to me that the clause is absolutely unworkable. On page 274 of the paper, concerning the winding up of the bankrupts' estates, I think Mr. Smith's remarks are judicious, and it is difficult to see how

the words in the Bill can properly apply to the last section, that after passing the examination, and within three months after, the bankrupt should be allowed to apply to the Court if the creditors do not object to let him have his discharge. I think if there is any circumstance in his bankruptcy which makes it undesirable for him to obtain his discharge, it should be stopped. In fact, he should apply for a "rule nisi;" but it is rather a long clause for no purpose at all, and Mr. Smith's observations on that subject really seem to embrace the whole point. I also agree with his remarks on the Rules of Court. It is very important that they should be codified and made clear. In such a complicated Bill it is a very great advantage to have gentlemen here who look upon the matter from different points of view, and to hear their observations, because the more it is thought over and discussed the more easy it will be at the proper time to make those alterations which we can all agree on as necessary, and not suggest others upon which differences of opinion exist, and which would impede the passing of the Act.

Mr. McKEWAN (London and County Bank): I think there will be no difference of opinion that Mr. Smith has laid before us a very exhaustive statement on the proposed Bill. I agree that the Bill is a vast improvement upon many of its predecessors. I have no doubt when it is passed, unless there be some speculative legislation, to which reference has been made, we shall get a Bill which will be a practicable and working Bill under which unfortunate creditors who have been receiving such small dividends for some time past may obtain a considerable amount of benefit. I shall not attempt to follow the clauses of the Bill, but there is one part of it in which the members of the *Institute of Bankers* feel a considerable amount of interest, and that is the question of the valuation of securities. Mr. Smith has very properly drawn attention to the question of bringing in masses of undue bills, and proving them against the estate, and so swaying the choice of trustees. That has been done to some extent in former times, and we know that it has been the means of working a great evil. Persons may hold under discount a very considerable amount of bills, all of which are perfectly good, but under the present state of the law he is entitled to come in and prove for them (although he may have really no interest in the result of the bankrupt's estate) and obtain practically a control. The clause in the Bill appears to go altogether the other way, for while it excludes a proof on bills in which the estate is really not at all interested, it also precludes the holders of bills accepted by the bankrupt from proving against his estate if such bills be not due and unpaid. If I read correctly this clause, it means this—that if you happen to hold an acceptance of a bankrupt under discount, you cannot prove that bill against his estate without valuing

the security of the drawers and endorsers of the bill. I think I have correctly understood the interpretation of that clause, and probably it was not intended that such an injustice should be effected, but evidently by the mere reading of the clause you must value the other securities to the Bill, that is, the drawer and endorser who are under no obligation to contribute to the bankrupt's estate in relief of it. But that is a matter which is capable of easy rectification, and I hope that some of our friends who will take part in the discussion on the Bill in the Committee of the House of Commons will see that the error is rectified. There is another question to which I made reference on a former occasion, and that is as to the valuation of securities which has been dealt with in the suggestion which Mr. Smith has alluded to. I think there should be a limit of time. In the original Bill it is stated that the creditors shall, on application made by any person interested (whoever he may be, creditor or trustee, or any other person is not said) within a prescribed time, and I imagine that the interested person is to be indicated and the prescribed time to be fixed by some rule of Court. But it appears to me undesirable that we should have another lawyer made Act of Parliament running side by side with an Act of the Legislature, because practically you may have very many wise and judicious provisions of an Act of Parliament altogether nullified by rules of Court, which may govern an Act of Parliament itself. It says that a secured creditor shall, on application made by a person interested, take payment of the value of the security, and give up the security for the benefit of the creditors. Assuming that the time be fixed, and that time be a reasonable one, I see no objection to that whatever. It seems to me a proper provision, that if I make a proof of debt and put a certain value on the security, and the trustee says "I will take your security from you—there is your money, and you can prove for the balance," I should have no right to complain; but there should be some time fixed within which the right of pre-emption should remain with the trustees, because it is unfair that a creditor, having security which at the time may be very unmarketable and which may require a great deal of care and attention on his part to amerce (he may have policies of insurance upon which he may continue to pay premiums, and may go on for perhaps years), should be called upon by the trustee when he has improved his security, "You value your security at £1,000, and it has increased in value by your care and attention to £1,500—there is your £1,000, give me back the security worth £1,500." But that is what is proposed now in the clause of Mr. Smith, namely, "If the trustee has not required the creditor to take to his security in the terms of this section, then on the sale of the same the amount realised shall be substituted for the amount of any valuation which may previously have been made by such creditor." I understand

the effect of that to mean, that if the trustee has not required the creditor to take it when it is sold, whatever the amount it may realise, if it realises more than the valuation it shall be taken at the valuation—"the amount realised shall be substituted for the amount of any valuation which may previously have been made by such creditor."

Mr. SMITH: Yes, I said substituted.

Mr. McKEWAN: I do not think these suggestions go far enough. There should be a limit of time within which the trustee should have any control over the security. I do not care whether you fixed it at three months or six months, but if the creditor be considered not to have fairly valued his security, then within a reasonable time, whether three or six months, the trustee may have the power of saying, "You have not fairly valued the security, it should have been a great deal more, give me the security and I will give you the money." He ought to have no right to allow a creditor to go on holding a security for an indefinite time, and then to come and take it out of his hand. I think a limit of time should be fixed in every one of these cases, both as to when the trustee shall require a surrender and when the trustee shall require a creditor to take his security in part satisfaction of his debt, and if within that time the trustee does not make his election, the creditor should be allowed to keep his security at the value he had originally fixed upon it.

Mr. G. E. BARNARD (Chartered Mercantile Bank of India, London, and China): There is one point Mr. Smith has not taken notice of. It is this. By section 14 of the Bill the bankrupt is required within three days of the adjudication to make out and submit to the official receiver a statement of assets and liabilities, and he is not allowed to have any professional assistance in preparing this statement; that is to say, the expense of such assistance is not to fall upon the estate unless the creditors subsequently approve of such expense. Now a great deal depends on the first statement of assets and liabilities, and therefore I think there should be some proper provision to ensure its correctness. I do not see in the Bill any power given to the receiver to examine such a statement, and verify it with the bankrupt's books, but it is highly necessary that something of the sort should be done. Under the present circumstances a professional accountant is called in who is an independent party and thoroughly skilled, and he lays before the creditors a statement upon which they can rely. I quite admit that the expense should be as small as possible before the first meeting. I also admit that nobody should be called in as at present to have charge of the whole thing from the first, and by such means get appointed trustee; but still I think it is necessary that someone should investigate the bankrupt's statement, and see that it is correct, otherwise at the first meeting of creditors how are they to

decide on the best course to be pursued in winding up the estate, whether to accept any composition, &c.? With regard to the custody of the funds, I quite agree with Mr. Morley that they should be placed in some undoubted hands ; but if the custodier is to be the Paymaster-General, it is to be hoped that creditors in receiving their dividends will not have to go through that routine and delay which is very often experienced in cases where Government officials have to deal with matters of this kind. You, sir, have just referred to cases in the Court of Chancery where anyone who applies for a dividend to the Accountant-General must be verified by a solicitor, which involves the expense of the solicitor's fee, besides entailing considerable delay. If it is intended that the same practice should be followed under the new Bill, I think it is most undesirable that the dividend should be paid by the Paymaster-General, and I would suggest that there should be a transfer from him to some banker whereby the dividend might be more easily received. I am sorry to see no reference in the Bill to sending out to creditors statements from time to time, showing the position of affairs and the progress made in winding up of the estate. It is stated in section 30 that the accounts are to be audited and deposited with the Comptroller in Bankruptcy every six months, and that any creditor can go and see them there, but we know pretty well what that means ; it will involve the loss of considerable time to go to an official like the Comptroller in Bankruptcy, and have any special account looked up. I really do not see why creditors should be obliged to do this. The cost of printing and stationery is small, and why not, therefore, send out every six or twelve months a statement to the creditors, telling them how the winding-up is proceeding, how much they have to expect, and how soon ? I hold in my hand a statement of this kind, referring to a small mercantile firm where the assets are under £5,000. It only took eighteen months to wind up, and this statement has been issued, giving a history of the proceedings from the first, detailing the various steps taken, and giving at the end the figures of the claims as finally admitted, and the assets as finally realised, side by side with the original estimate of assets and liabilities. By this means it is easy to check the ultimate out-turn of the estate, with the statement issued at the time of bankruptcy, which I consider most desirable. There is also appended a cash account, and the whole is signed by the inspectors and the trustee. Something of that sort is most desirable, and I do not see why creditors should have to run about and waste time fishing up all this information when it could so easily be supplied to them. Just one other point. Mr. Smith made a suggestion with regard to creditors being permitted to look at one another's proofs, and to object to them in case of need. That, no doubt, is quite right, and the proofs ought to be open to creditors ; but there should be, I think, some limit of time during which those objections could be made. It is hardly

right that any creditor should have power to object to a claim and get it thrown out months or perhaps years after it was lodged, and I think there should be a limit fixed, say one or two months, during which such objections could be raised.

Mr. FREDERICK WHINNEY (Chartered Accountant) : Let me remind the meeting that there are two ways at which you can look at bankruptcy. There is the conduct of the bankrupt, which is probably a matter of public policy, and there is the administration of his estate. In dealing with public policy, that is to say, the bankrupt's conduct, there are several matters which it may be necessary to take into account. One is that the Court shall adjudicate on the conduct of the bankrupt, and give him such certificate as may be thought proper. Unless some fixed lines are laid down within which the Court is to travel, the certificate will become, as it did in 1849, little more than a farce. Under that, under precisely similar circumstances, where a man got a first-class certificate from one commissioner he would from another have had a second-class certificate, or he might have had it suspended. There are certain rules you can lay down which should, I think, carry with them a certain amount of punishment. One cause in particular should be the absence of an annual stocktaking. The Bill proposes to deal with that, and further to make it penal if a man does not keep proper books and accounts. Now, what proper books and accounts are is a question. There is no difficulty whatever about a man keeping an account of what he owes and what assets he has entered in a book yearly, and if he did not do that his certificate certainly should be suspended as a matter of course. There are other matters which, I think, we must leave to the discretion of the judge. The question of passing a public examination is another very important one, and that, again, is a matter of public policy ; but I think it is going a little too far to say that every man should pass a *public* examination. Creditors and the legislature probably have not recognised this, that if a man passes his public examination the statement of affairs upon which he passes becomes public property ; the list of creditors is open to inspection, and not only that, but the accounts are open to the reporters, and the reporters can sow far and wide the statement of who these creditors are. Now I have known instances where it was not quite desirable that the public generally should know who the creditors were. There are instances where if it had been known who the creditors were public confidence would not have been increased. Therefore the public will have to decide whether it is right or wrong that there should be a public examination and that all these disclosures should be made. There is another thing which affects the public. Before you can have a composition you must, under this Bill, have a public examination. Now I look upon compositions as the best way of winding up an estate, for I believe you get a larger dividend at a smaller cost in that way than in any other. If a man has been dishonest, sell his estate and

take what there is, but if he has been tolerably honest he can realise the book debts and stock, and at a better price than if his estate was liquidated, for the unfortunate fact is that when a man fails a great many of his debtors try to escape from payment, and his stock is very often slaughtered, while a great deal of waste takes place. There is another question connected with the publication of a statement of affairs, and it is one which I think you, gentlemen, will appreciate. I have had to deal with cases of bankers who have failed, and it became very important to know what was to be done with the list of debtors to the estate. If it had been filed, everybody in the neighbourhood would have known all about it, and I think the consequences would have been disastrous, and many men would have had to go through the Court. The list, however, was not filed, and in the result the creditors obtained a larger dividend because we were able to nurse the debtors. I think it likely that the publication of a list of debtors would in some instances lead to wide-spread distress. With reference to the administration of estates we are dealing with details which probably could be best dealt with elsewhere, but I do not think there is any reason whatever why all accounts of receipts and payments should not be sent to the Comptroller, and supervised there. I happen to be a trustee, and I do not feel ashamed of it, and I know that many trustees like to get their accounts audited and discharged as quickly as possible; I venture to say that the position of trustee is one which ought to entitle a man to respect. He has a considerable amount of private interests confided to him, and a great deal depends upon the honesty, integrity, and ability with which he discharges his duties, and if you will allow me to say so, it is not for your interest that you should have a set of men who cannot be trusted. I am now going to criticise one part of the Bill sharply. Will it be easy to get such men as you can trust by giving them the miserable remuneration proposed in this Bill. I have calculated that the remuneration for winding up an estate of £3,000 is to be £62. 10s. Now, there is a vast difference between the work of a trustee who has to realise an estate of £3,000, and the duties of an auctioneer who has to sell such an estate in one lot. The remuneration provided by the Bill for the trustee is, however, £62. 10s. only, while the charges of the auctioneer would be £105, out of which he has to pay the expenses of the sale. Now I cannot help thinking that that is a very poor method of remunerating the trustee. One thing is certain, that no respectable man would take the office. In dealing with trustees, permit me also to remind you that the Bill stipulates that every trustee shall give security. Well, sir, it cannot be done. It is utterly impossible that we can give security in every case, for the whole amount of the assets which pass through our hands. We have millions pass through our hands, and it is impossible that we can find security for millions. Vice-Chancellor Wood was asked a question as to security when before a Committee upon the Companies Act of

1862, and he said, "It is impossible to get it in very large cases, and we are obliged to trust to the honour and integrity of the men who are appointed. Their public character is our best security." Supposing I were an intimate friend of yourself, Mr. Chairman, and should ask you to become security for £250,000, I think you would say you would rather not. How is it possible for any man to give security with estates worth millions passing through his hands? Trustees can find a moderate amount of security, and if the Board of Trade were to make a regulation that before a man could be appointed trustee he should give a certain amount of security it might be done, and if a man went in for a large business he might be able to give security for £20,000 to £50,000; but to ask him to give security equivalent to the amount of the assets is utterly impossible. Therefore, you must take care of your trustees. Abuse them if you like but still you must take care of them. You have a body of men grown up in London during the last forty or fifty years—now entrusted with large amounts—even whom, if you get rid of them, you cannot easily replace. Then there are the official receivers. These may be good men provided you get the proper men appointed; but I have seen a great many offices created under various Acts of Parliament, but the good which it was supposed would have arisen from those appointments has been thrown away by incompetent men having been appointed. How they propose to work it in this Bill I do not know. A vast number of berths will be created which will have to be filled up by somebody, and it is just possible that ten years hence we may have another Bankruptcy Bill, and then we may be told, "Oh, we must give all these gentlemen compensation." I agree that there should be an audit. The official receiver I do not see the use of. One or two points more are worth notice. It is provided that a man's statement of affairs should be filed within three days after adjudication. That is almost impossible. I am certain that in almost every case it would be necessary to have a fortnight's time, and in some cases you cannot get a statement ready in a month or six weeks. I had a case recently with 3,500 creditors and 1,500 debtors, and it took me and my clerks five weeks, working from 9 in the morning till 11 at night, to prepare the statement. A great deal depends on the preparation of that statement; because it is not merely the list of what a man owes and of his assets, but it is also an estimate of what is likely to be the amount of the proofs against his estate, and of the amount likely to be realised from his assets—it is a statement on which the creditors may be asked to take a composition, and it ought to be prepared carefully. Under the Bill it is proposed that an accountant shall go in and prepare a statement and take his chance of being paid—a pleasant kind of thing—but at present I do not see my way to any effectual dealing with this. There is one matter I should like to suggest for your consideration, namely,



whether it is not desirable that when a firm stops payment that this should constitute an Act of Bankruptcy. At present it does not. The creditors to some extent are kept at arm's length. With respect, Mr. Chairman, to the Paymaster-General, I do not see the same difficulty of working that as you do; it is possible I may know somewhat more about it, as I have had to think a good deal over it. You may remember that there was a great outcry raised against money being in the hands of trustees. Now we do not particularly want to have it. It is no use to us, and the question is, what is to be done with it? Is it to go into Court? If so, there is all the difficulty of getting it out, or is it to go into the names of the trustee and one or two creditors? If so you have to get all of them to sign all the cheques, which is also very difficult, otherwise the money must be left at the uncontrolled disposition of the trustees, and that is objectionable. The only remedy appears to be to require all funds to be paid into the account of the Paymaster-General at the Bank of England, either through the head office or the branches. The Paymaster-General would then open an account for each estate, which account could be operated upon by the simple cheque of the trustee. That was the scheme the Institute of Accountants had in their minds, but whether this is the same scheme as Mr. Chamberlain's I do not know. In order to prevent trustees making the balance of one particular bankrupt's estate do duty for another there was a provision that the Comptroller should require professional trustees to render half-yearly accounts of all assets which they had in hand, so that the Comptroller could go to the Bank of England and see whether the balances there agreed with the statement made by the trustees. Probably you know that that would be a further check upon the trustees, because the Bank of England can always give a certificate of the amount of the balance there. If I want a cheque from the Court of Chancery I am obliged to get from the Bank a certificate of the balance in hand, and there would be no difficulty in getting similar certificates to lay before the creditors and the Committee when they meet. I therefore do not think there is the practical difficulty in working that out which you think.

Mr. T. S. LINDSAY (Chartered Accountant): This is a subject to which I have paid some attention in the course of my professional duties.

With regard to the money being deposited with the Paymaster-General, I may say that in Scotland no difficulty is experienced in having the amounts belonging to different estates placed in separate banking accounts under the uncontrolled disposition of the trustee. The check in such case is that the trustee has to find security for such an amount as the creditors may fix or require. In the case of a large estate the trustee and a sufficient surety would be required to enter into a bond for, say, £5,000 or £10,000, or some such amount as any trustee of standing could readily obtain. I think creditors in England may, as well as those in Scotland, with safety

leave in the hands of professional trustees and the committees of inspection, the auditing of accounts in terms of the statute. I have not heard of any instance in Scotland where trustees have been found fault with for taking advantage of funds under their control. The rule proposed in this Bill is very different from that in operation in Scotland, where there is no difficulty in regard to the funds of the estate being at the call of the trustee whenever he requires a cheque for the hourly administration of the estate.

I was sorry to hear Mr. Morley make a statement that trustees are believed to have millions of funds in their hands. If that statement has been made it has also been contradicted again and again, and I think it is unfair to cast abroad upon "trustees," in a generic sense, the opprobrium that they have these large funds in their hands.

In some particulars the difficulties which will be raised by this Bill will be found very serious—firstly, the tremendous officialism which will be created, and, secondly, the enormous increase of legal expenses in the administration of bankrupts' estates. That is, at least, my impression as to the effect of the provisions in the Bill. There is no doubt there should be an efficient control, but whether the Controller in Bankruptcy will be sufficient to do this himself with any possible staff in London is very doubtful. I think you would require to have a control in every county in England, with some central controlling power in London. Again, if a special receiver is to be appointed, the mere fact of his having to find security, in the same way as a trustee, for the satisfactory discharge of his duties, would meet a great many objections. As to the way in which the receiver should be allowed to realise the estate, I think as a general rule receivers should only preserve the estate for the trustees appointed by the creditors, and should not be allowed to realize. There is a tendency to hasty realization of assets, and not doing the best for the creditors.

With regard to the surrender of securities, the law in Scotland is that the trustees may, with consent of the committee, within two months after a proof has been used—and also the creditors, at any meeting—require a creditor to assign the security on payment of the specified valuation, with 20 per cent. in addition to such value; but the creditor has power, at any time before being required to make an assignment, to correct his proof and increase or diminish the value of the security.

I look upon this proposed legislation as being just one step towards what I think we all look forward to see very soon, viz.: one bankruptcy statute for the United Kingdom. When once we begin to take that step it will be found that there is no good reason for any great conflict between the laws of Scotland (which have been so frequently praised) and the laws of England. We, in Scotland, have laws in regard to separate and joint estates, preferences and

fraudulent alienations of property, differing from those in England, and I should like to see the day when there will be an amalgamation of the whole commercial laws, as well as those relating to the practice in bankruptcy proceedings.

Mr. SAMUEL MORLEY, M.P. : Allow me to vindicate myself from casting aspersions against any body of men. There are accountants and accountants ; but I quoted from the report of the Comptroller, Mr. Parkin, who in 1877 gave his opinion that there were about four millions of money outstanding in the hands of trustees. It is not my own opinion, but that of one of the highest authorities on the point that can be found in all the country.

Mr. WHINNEY : It is very likely there is a considerable sum of money in the hands of the trustees ; but all trustees are not accountants, and a large proportion of that amount is placed to separate accounts. It is the custom to keep a separate banking account for every estate, unless it happens to be a very small one. In that way it is possible that there may be four or five millions in the hands of the trustees. I do not know upon what materials the Comptroller founded his opinion, but if he meant that accountants have four millions of money mixed up with their own moneys I for one think he is mistaken.

Mr. E. G. MAN (Barrister at-law) : A very pertinent suggestion has been made in regard to the debtors not keeping accounts. In most cases where fraud is alleged, the answer of the debtor is, "I have kept no proper account." I should, therefore, suggest that clauses should be added to this Bill to the effect that *de facto* the non-keeping of proper accounts should be evidence of misconduct, and sufficient to justify the Court in refusing to grant the discharge of the debtor. The payment of moneys to the Paymaster-General would, probably, add a great deal of work to the Paymaster-General's office, particularly if he had to investigate as to the validity of every payment made. Without wishing or attempting to throw any slur upon trustees or accountants, there is no doubt but that what Mr. Morley has stated is the general belief, and that there is an immense amount of money in the hands of trustees. I believe this fact has been alluded to in a daily paper within the past few days. But the amount was stated to be two millions. Whether that be true or not, there can be no doubt but that trustees in bankruptcy have paid large sums into their own accounts with private bankers, and I much doubt if those moneys could be traced should the trustees unfortunately become bankrupt themselves. This state of affairs could easily be prevented if the money were paid to the Paymaster-General, for he need not be responsible for the disbursements if the same process were enforced with his department as there is in regard to public companies, where I believe cheques are always signed by two or three directors, whose place in this instance would be taken by the committee of investigation, provided for under section 20 of this Act. Three of the creditors

would sign the cheques, and the Paymaster-General would pay out the moneys upon those cheques. The creditors would thus exercise control over the payment. I think that suggestion would meet all the circumstances of the case. It would hardly be expected that security should be given by trustees to the amount of millions. The last speaker has met that objection by suggesting that the trustees should only give security for a certain amount. There would be no need to trouble them at all for security were the money paid to the Paymaster-General's credit in the Bank of England. This would be as good a safeguard as any that can be provided against maladministration of bankrupt estates.

Mr. J. HERBERT TRITTON: I would only like to make one remark as to the statement made by Mr. Whinney. He has informed us that there are reasons why bankers, among others, should be afraid of publicity in these matters, but I should not like that opinion to go forth unchallenged in this room. On the contrary, most of us who are engaged in the practical business of banking feel that the present uncertainty as to who are creditors, or who are "in," as we call it, is much more dangerous than the certain knowledge which would be derived from a verified list of creditors. In the case of large bankruptcies, we generally know within a very few who are *said* to be "in," but it would be of importance, both to the actual creditors as well as the community in general, that the knowledge on these points should be accurate; at present it is very uncertain.

Mr. CHALMERS: I only wish to refer to the matters discussed from a legal point of view. Previous speakers have said that it would be easy and advisable to introduce a provision that traders should keep regular books. That seems to be already indirectly provided for in section 35, sub-section 4, clause B, where it is laid down that if "the bankrupt, being a trader, has omitted to keep such books of account as fully disclose his business transactions and his financial position during the three years immediately preceding his bankruptcy, or has omitted to prepare once at least in each of those years a proper inventory and balance-sheet of his property and liabilities," then in any of these cases the conduct of the bankrupt is to be considered in determining whether he should be discharged or not; and if he has not made out a balance-sheet every year he will not be discharged, but will be kept in a state of suspense, something like Mahomed's coffin—half-way between solvency and bankruptcy. A trader then is not compelled to keep books, but he is liable to be punished if he fails and has not kept proper books. To come to another point, I think Mr. Whinney pointed out a difficulty as to security, but if you look at the terms of the Bill it does not require trustees to give security to the amount of the estate, but merely that security should be given to the satisfaction of the Board of Trade. When a man is a member of the Institute of Chartered Accountants, and a well-known man, the amount of

security would doubtless be proportionally reduced, so that there would be little difficulty I apprehend in the matter. Another criticism was made by Mr. McKewan as to rules of court. I think that a very valuable criticism. Questions as to the right and *quantum* of proof ought to be regulated by the Act itself. Rules of court have a tendency to outgrow their original scope and intention. They ought to be confined to regulating matters of mere practice and detail, which it would not be wise to encumber the Bill with, and to fix irrevocably in an Act of Parliament. I cannot help thinking, and many lawyers agree with me, that several of the rules made under the Act of 1869 are *ultra vires*, and might if the question were raised before the Court of Appeal be set aside as such.

I would suggest that if rules as to proof are introduced into the Bill they should be carefully drafted by the original draftsman. No questions have given rise to more litigation than questions of proof.

As regards clause 17, which has been sharply criticised, it merely affirms the proposition that the holder of a Bill on which persons other than the bankrupt are liable, is practically a second creditor. In so far as they are solvent he has no real interest in the bankrupt's estate.

In Mr. Smith's paper he takes objection to the clause which provides that a special receiver instead of the official receiver may be appointed on the application of any creditor. If you look at the exact terms of the Bill you will see that the danger he anticipates from that cause hardly arises, because section 46, clause 2, says, "where application is made to the Court to appoint a receiver or manager before adjudication, the Court shall appoint the official receiver, unless in the opinion of the Court it is expedient in the interests of the creditors that some other person be appointed." So that it is not merely if one creditor applies, but the Court must be satisfied that it is for the benefit of the whole of the creditors. It is not to be done as a matter of course. Then as regards the remuneration of the trustee, I should think most people who have heard the discussion will agree with what Mr. Smith and Whinney have said, and will think that the scale fixed is too low, but I think this particular scale was taken from the Attorney-General's Bill of last year.

Mr. WHINNEY: I think not, for that scale gives about 5 per cent.

Mr. CHALMERS: Then it is probably unintentional, and will probably be rectified. Mr. Smith proposes that the examination of the bankrupt should be delegated from the Court to the trustee in many cases. (A voice: No, no.) On page 10 of his paper it is stated "such examination shall be conducted by the Court, or, subject to the control of the Court, by the trustee, the official receiver, or by any creditor who has proved his debt." I certainly misunderstood that

suggestion. I thought Mr. Smith suggested that in certain cases the examination of the bankrupt should take place out of Court. That would never do, because it is in the nature of a public investigation on behalf of the public. The administration of the assets is a matter which concerns only the creditors. The conduct of the debtor is a matter which concerns the public at large. I think it will be highly advantageous if this clause of the Bill passes without substantial alteration.

Mr. MORLEY: I am sorry to interrupt so often, but I would advise that there should not be needless fear about the official receiver. He is, I understand, the custodian of the property until the creditors take possession of it, but he has to do no act involving any other question than the safe custody of the property. We have needed that kind of officer to intervene and avoid the dangerous delay between the commencement of the insolvency and the first meeting where the creditors appoint their own trustee.

Mr. JOHN SMITH: I wish to say a few words, in reply; I quite agree with Mr. Morley's last remark. I think we want such an officer, and I have said so in my paper, but I think his duties should so far as the property of the debtor is concerned, be expressly limited to the preservation of the debtor's estate until it can be placed in the hands of the creditors. On that point I think that perhaps the President misunderstood my remarks, as I am entirely opposed to any interference with the creditors in the realisation of the estate. I think the Act of 1869 was probably intended to give creditors the power of dealing with debtors' estates, but practically it did not do so; it simply gave them power to appoint a trustee and then divest themselves of all control. What I ask is that we should have in every case the office of an official receiver exercised for the few days which elapse between the adjudication and the first meeting of creditors. With regard to the Paymaster-General, I do not see the same difficulties as were expressed by some of the speakers. With regard to the probable delay, I do not think it is intended that every creditor should apply to the Paymaster-General for his dividend. The trustee is responsible for the manipulation of the funds in the hands of the Paymaster-General, and what is intended is that such sums as are not required for the actual management of the estate should be deposited in the hands of the Paymaster-General. There is one very important feature which I did not dwell upon. The object of the Government is to secure the use of a large sum of money for the purpose of investment. We might perhaps as bankers look at that matter in a different light, but I think we may fairly say we have tried to look at all these questions of bankruptcy reform from a public point of view, and looking at it from the point of view of creditors, I think creditors will be benefited by that arrangement, because the interest received from the investments will go towards the reduction of the fees paid in

bankruptcy. I hope no arrangements will be made of such a complicated character as to be found unworkable, but if so, we should rely upon the practical control of the Board of Trade to put matters right. With regard to Mr. McKewan's remarks about the surrender of securities I pointed out on a previous occasion the practice of the Scotch Law, which gives the trustee the opportunity of claiming the surrender of the security within two months. Mr. Chamberlain's advisers, however, do not seem to think that the Scotch Law should be followed, and I have therefore suggested another plan, namely, that the debtor should be allowed at any time to amend the valuation, and that the trustee should be allowed to require the creditor to take the security or to sell or surrender it. There is no doubt, however, that creditors ought to have the right to call upon the trustee to elect within a reasonable period, whether he will take the security at the valuation, or whether it shall be sold, or whether the creditor himself shall take it. Mr. Whinney has made a remark on the subject of the debtor's discharge. I did not know that the accountants took any interest in the debtor's discharge, and I thought they were only concerned in the liquidation of the estate. With regard to the analogy drawn between the old practice of granting certificates and the present course, it does not hold good; because formerly every debtor got his discharge; but there were three classes of certificates granted. In this case, however, it is a question whether the bankrupt gets his discharge or not. If the bankrupt has not behaved properly, and has misconducted himself—for instance, if he has not kept proper books, he is not to get his discharge at all unless subject to certain conditions to be imposed by the Court in regard to his after-acquired income. As to the question of the remuneration of trustees in comparison with the fees of auctioneers, I quite sympathise with Mr. Whinney's complaints; but a question may well be raised whether auctioneers are not overpaid. The real method of meeting the difficulty is, I think, that which I have pointed out, viz., that the creditors should fix the remuneration, but that it should be fixed by way of commission upon results, and that they should have an opportunity of fixing it so as to include all auctioneers', lawyers', and other agents' charges. I hope Mr. Whinney and his colleagues will assist us in carrying this. I feel sure this system would be found to work well for all parties, because it would encourage a system of making a contract that the payment shall be according to the realization of the estate. In regard to moneys in the hands of trustees under the present Acts the Bill requires these to be accounted for, so that if it passes we shall be able to ascertain the amount in the hands of trustees unclaimed. With regard to what fell from Mr. Chalmers as to the holders of bills being placed on the same footing as creditors holding security, this Bill proposes to put

them on a totally different footing, for it proposes to compel them to value and deduct from their proof what does not and never can form any portion of the estate of the debtor, namely, the contingent liability of third parties to make good what the bankrupt himself—that is—the real debtor, fails to pay; whereas secured creditors are only required by the Bankruptcy Act to value and deduct the security they hold over the estate of the bankrupt: they are never asked to deduct securities which they hold from third parties with which the bankrupt has no concern. Then, also, with regard to the appointment of a special receiver on the application of any creditor, Mr. Chalmers says the Court must be satisfied that such an appointment is in the interest of all the creditors; but my point is, that the Court is bound under such circumstances to act, and, as a matter of everyday practice, does act simply on the facts and opinions placed before it, and as these facts and opinions are submitted by any creditor, and are *ex-parte* and cannot be argued or contradicted, they do not afford reliable material for the Court to form an opinion upon. Besides which, I maintain that the appointment of a special manager of the debtor's business, who shall account to the official receiver, adequately meets the case. I quite agree with Mr. Lindsay's remark that this is a first step to an amalgamation of the Scotch and English laws, and I think it is very desirable that the bankruptcy systems should be the same in the three kingdoms.

MR. MCKEWN: Did I understand your intention to be in clause 9 that, when the property is sold, if it should realize more than the original valuation, the creditor keeps that and reduces his proof and returns his dividend?

MR. SMITH: Yes, that is the proposal.

MR. MCKEWN: I should like to make a remark about the publication of the list of creditors in connection with the City of Glasgow Bank. You are aware there was a list of creditors—London bankers who held acceptances—circulated in the City of the most monstrous description possible, and I do not think anybody whose names were down would have recognised themselves in regard to the amounts which they were said to hold. I think, therefore, it would be better to give publicity to the list of creditors.

MR. R. B. MARTIN mentioned in regard to charges of auctioneers that in the Isle of Man an auctioneer could be engaged for two guineas a day to sell any quantity of property, no matter what its value.

The thanks of the Institute were voted to Mr. Smith for his paper, and the meeting was adjourned to the 18th May.

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**QUESTIONS ON POINTS OF PRACTICAL INTEREST.**

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THE Council desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which after careful deliberation the Council have approved :—

**QUESTION I.**—A cheque is drawn by the treasurer of a local board payable to order. In addition to the usual stamp, a form of receipt appears at the foot of the cheque to which a receipt stamp is affixed. Is the signature to the receipt a sufficient discharge without an endorsement on the back of the cheque in the usual manner?

**ANSWER :** The receipt at the foot of the cheque would be considered a sufficient discharge.

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**QUESTION II.**—A cheque payable to Messrs. Brown or order is endorsed J. & J. Brown. Is this endorsement irregular?

**ANSWER :** The endorsement mentioned would be considered in order.

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**QUESTION III.**—Are not all dividend warrants drawn by a building society, if only for a few shillings, bound to bear a penny stamp?

**ANSWER :** The dividend warrants in question would require a penny stamp, whatever the amount.

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**QUESTION IV.**—A. B., C. D., and E. F., are trustees under the will of Y. Z., deceased. They open a banking account, "The Trustees of the late Y. Z.—

A. B. }  
C. D. } Trustees."  
E. F. }

Can these three trustees jointly give the banker sufficient authority to enable him to honour cheques signed by A. B. and C. D. only?

**ANSWER :** It is not customary for bankers to open accounts as described, viz., "The Trustees of the late Y. Z.;" but in the event

of such an account being opened, the bank would be bound to attend to the terms of the trust deed. ~~Should the deed contain no stipulation to the contrary, the banker would be justified in taking the joint instructions of the three trustees to honour the drafts of any two of them.~~

*see next number of the Journal. page 365.*

QUESTION V.—In the August number of the Institute's *Journal*, page 676, an opinion is given as to the duty of a banker with regard to a cheque in which the amount is expressed in words only and not in figures. What is the practice in the converse case, *i.e.*, where the figures are inserted in the usual place, but the sum is not expressed in words in the body of the cheque? It is obvious that in the latter case a door is opened to fraud which does not exist in the former.

ANSWER: It is customary for bankers to refuse payment of cheques the amount of which is expressed in figures only.

QUESTION VI.—If a cheque which has been cut into two or more parts, which are afterwards joined by slips pasted on the back, be presented to a banker, is he justified in refusing payment of it?

ANSWER: It is the general practice, and bankers are justified in refusing payment, on the ground of mutilation, of cheques cut into two or more parts, and subsequently joined as indicated.

QUESTION VII.—A crossed cheque "can only be paid to a banker." If then one customer of a bank draws a cheque (which he crosses generally) in favour of another customer of the same bank, who presents it for payment, how is it to be dealt with? Must the banker refuse payment, as it is a crossed cheque, and compel his customer to negotiate it through another bank?

ANSWER: A banker would not be justified in paying cash to a customer, A., for a crossed cheque upon himself drawn by another customer, B., but he could receive a cheque for A.'s credit and honour his drafts against it.

## PER PRO ENDORSEMENTS TO CHEQUES.

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It will be remembered that in the year before last a discussion took place on this question (reported in the *Journal of the Institute*, for November, 1879) which resulted in a unanimous expression of opinion in favour of *per pro* endorsements to cheques to order, when presented through a banker, being dealt with by the bank on which they are drawn, as they would have been had the payee personally endorsed; and also that the question was again brought before the Council by an enquiry as to the practice of London bankers in this respect, the reply to which will be found in the *Journal* for March last (page 137).

It will be seen from the discussion that although the practice of the London bankers generally prevailed throughout England and Scotland, the Irish banks, with one exception, did not recognise such endorsements in the absence of a guarantee.

The question has since been brought more fully under the notice of the Irish banks, and the Council are glad to be able to announce the adoption of the English and Scotch practice in Ireland, thus assimilating in regard to these endorsements the practice of bankers throughout the United Kingdom.

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## THE SCOTCH BANKS BILL.

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With reference to the private Bill introduced into Parliament during this Session by the Bank of Scotland, the Royal Bank of Scotland, and the British Linen Company, the following is the text of a Treasury minute which was addressed on the 24th March to the banks in question, together with their reply thereto.

### TREASURY MINUTE.

Their lordships desire, before entering on specific objections, to note the fact that the banks take for granted that their liability for notes and other obligations is limited. The banks have no doubt taken advice as to their position, and base their assumption upon sufficient authority. Nor have their lordships any reason for disputing it. They would only observe that doubt was expressed before a Committee of the House of Commons whether the assumption is correct, and, as far as they are aware, no final or authoritative decision exists upon the point.

With this preliminary remark their lordships pass to their objections, which they may summarise as follows :—

1. They think that fresh powers or privileges should not be granted to banks claiming limited liability for note issues.

2. They think that fresh powers or privileges should not be granted to banks claiming limited liability, but not adopting the designation limited, which is now a requirement of the general banking law.

3. They consider private legislation on a subject of important public policy to be objectionable.

4. They doubt whether the provisions of the Companies Clauses (Scotland) Act, 1845, are intended for, or are properly applicable to, banking companies.

#### I. Limited liability for notes.

At the time of the passing of the great Banking Acts of 1844 and 1845 a large number of banks possessed specific privileges, or were subjected to specific restrictions which, within certain limits, were not affected by the provisions of the new laws. It has been the traditional policy of the Treasury since that time and under successive Governments to make in the case of privileged banks removal of restrictions or enlargements of powers dependent on a review of privileges. Their lordships are aware that there has

been exception to this rule, and that restriction has been removed without any corresponding review of privilege. The result, however, would not lead them to favour fresh exception, and they would prefer to abide by the precedents set in 1865, when the Treasury, in answer to application for removal of restrictions on the part of issuing banks in England, introduced a measure granting relief, but making that relief conditional on a modification of the special privileges enjoyed by the banks concerned. Their lordships, applying this precedent to the present case, have to point out that while the principle of limited liability for ordinary obligations has, since 1845, received continually more general acceptance and wider application, the Legislature has rigorously insisted on the maintenance of unlimited liability for bank note issues. The 6th section of the Act 42 & 43 Vict., c. 76 (1879) enlarging and defining the operation of s. 82 of the Act of 1862 (25 & 26 Vict., c. 89), which it replaces, leaves no doubt as to the intention of the Legislature upon this point, and as their lordships approve the provisions of the Act of 1879, they consider it their duty to promote, as far as lies in their power, compliance with those provisions. They are, however, aware that even if the three Scotch banks whose Bills are before Parliament wished to adopt unlimited liability for their notes, they would encounter legal and technical difficulties, which might possibly prevent them from giving effect to their wish. Their lordships recognise these difficulties, and they may therefore say that while they must oppose the grant of fresh powers if the three banks continue to ask for them, accompanied by limited liability for notes pure and simple, they will be ready to give their best consideration to any proposals by means of which the banks may think it possible to meet the wishes of the Treasury without encountering the difficulties mentioned above.

## II. Non-adoption of the term "limited."

Upon this point also their lordships entertain a strong objection to the proposed legislation. Sir Stafford Northcote's Banking Act of 1879 was carefully devised for the purpose, among others, of securing greater uniformity in banking regulations. The Government responsible for the measure thought it important that the public should clearly understand the status of the banks with which they dealt. They therefore required such banks as might be limited in their liability to adopt the name of "limited," and in spite of considerable opposition from the banking interest, they carried the clause requiring that qualification. Many banks have accepted the condition, and it is probable that many more will follow the example.

My Lords agree with Sir Stafford Northcote in desiring uniformity of banking regulations. While, therefore, the general law requires limited banks in the United Kingdom to adopt the desig-

nation of "limited," it would be a departure from the principle of uniformity, and would be misleading to the public, if an exception were made in the case of the three banks which are now in question.

### III. Legislation by private Bill objectionable.

Their lordships hold that measures of public policy should not be introduced as private Bills. If the circumstances of a bank are such that it cannot avail itself of the benefits of the general law without legislation, the necessity of the case should be met by a public Act modifying the general law only to the exact extent of the proved necessity.

### IV. Applicability of the Company's Clauses (Scotland) Act, 1845.

Their lordships believe that the Act in question was intended more especially for ordinary commercial companies, such as railways, and they doubt, therefore, whether its provisions would be found in conformity with the present general banking law. If there is any uncertainty on this point it is clear that the provisions which it is proposed to adopt should be set out at length in the Bill, so that there may be no misunderstanding as to the powers which the banks seek to obtain.

In conclusion, their lordships desire me to state that they approach the subject in no dogmatic spirit, and with no feeling of antagonism to the banks interested. On the contrary, they would be glad to arrive at an understanding upon the points at issue. They recognise the value which the public of Scotland attach to their banking system, and they desire to act in accordance with the matured public opinion of the country. They trust, therefore, that the three banks will consider carefully the objections which have been stated, and will suggest any measures which they may think calculated to remove the difference of opinion at present existing between themselves and the Treasury. Their lordships on their side readily promise their best consideration to any proposals, even of the most general nature, which may be made. It would be a further advance in the consideration of the subject if the banks were inclined to make any proposal based on the principle of replacing the private issue now in circulation, with due regard for the interests concerned, by a public issue framed to meet the special requirements of Scotland, and conducted through the agency of banks in Scotland. It is probable that the discussion of this general question cannot be long postponed; and if so, it is desirable, in the interest of the public and of the banks, that partial and intermediate legislation should not be attempted.

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LETTER DATED 8th APRIL, 1881, TO THE LORDS COMMISSIONERS OF HER MAJESTY'S TREASURY, FROM THE BANK OF SCOTLAND, THE ROYAL BANK OF SCOTLAND, AND THE BRITISH LINEN COMPANY, IN REPLY TO THE FOREGOING MINUTE.

In proceeding to place before your lordships our views on the questions now raised, we think it right at the outset to explain that there are in Scotland two classes of banking institutions, essentially different in their origin, constitution, and legal incidents; the one consisting of corporations erected by the State, the other consisting of joint-stock companies, voluntarily associated under contracts of co-partnery. Of the former class there were never more than the three banks we represent. Of the latter class there are now only seven, two of whom obtained in 1831 letters patent of incorporation under the Act of 1825 (6 Geo. IV., cap. 91), with a declaration of the unlimited liability of their partners, and the other five are incorporated by registration under the Companies Acts, as unlimited companies. The three corporations have no powers except what are conferred by their Acts or Charters: the seven unlimited companies are under no such restriction.

The Bank of Scotland was incorporated by an Act of the Scottish Parliament in 1695. By several successive Acts of Parliament, extending over the period from the formation of the bank to the year 1804, the capital was raised to £1,500,000. Of this sum, the whole of which was subscribed, £1,000,000 was paid up, and the remaining £500,000, though subscribed, was uncalled. In 1873 it was deemed advisable to obtain power to raise additional capital to the extent of £3,000,000, and a Bill was brought into Parliament with that object. The Bill, as introduced, contained provisions to the effect that the bank should be at liberty to issue the additional capital of £3,000,000, in such proportions, paid up and uncalled, as the proprietors might determine; but when it was passing through Committee in the House of Lords a clause was introduced, at the instance of the Chairman of Committees, providing that the newly-authorised capital of £3,000,000 should, when created, be issued in the same proportions, paid up and uncalled, as the capital previously existing,—that is to say, that for every £100 paid up the proprietor should also be liable for £50 uncalled. Since the passing of the Banks Act of 1873 (36 and 37 Vict., cap. 99), capital to the extent of £375,000 has been created and issued in the proportions referred to. There thus remains a further authorised capital of £2,625,000, but, being uncreated and unissued, it does not exist as a liability of the proprietors.

The Royal Bank of Scotland was incorporated by a royal charter in 1727, granted at the suit of an earlier corporation, established under the authority of 5 Geo. I., cap. 20. It has from time to time obtained fresh powers from the State by seven subsequent charters;

by the last of which, granted in 1829, the bank was authorised to increase its capital to £2,000,000, and this amount has been fully paid up. In 1873 the bank obtained from Parliament, by "The Royal Bank of Scotland Act, 1873" (36 and 37 Vict., cap. 217) a further extension of its powers.

The British Linen Company was created by royal charter in the year 1746, and thereby constituted "one body corporate and politic in deed and in name for ever." The original capital of £100,000 has been gradually increased under three subsequent charters; and under the last charter, in 1849, power was given to augment the capital to any sum not exceeding £1,500,000 in all, "for the purpose of carrying on the business of banking, as heretofore accustomed." Of this authorised capital, £1,000,000 has been fully paid up.

It is stated by your lordships that we take it for granted that our liability for notes and other obligations is limited, and that, as far as you are aware, no final or authoritative decision exists upon the point. We would say on this subject that the limitation of the liability of our proprietors to the amount of our subscribed capital has never been legally questioned, and that no authoritative decision could possibly have been given on the subject, inasmuch as the point could only arise through the insolvency of one of the five common law banking corporations of the United Kingdom—viz., the Bank of England, the Bank of Ireland, and the three banks we represent. But we may mention that, next to a judicial decision, which in the circumstances was impossible, we have the highest legal authority, judicial and otherwise, for holding that the liability of our proprietors is as now stated. We are advised that this limitation of liability is the necessary incident at common law of the incorporation of the three banks, and that, in this respect, as well as in regard to all other incidents of incorporation, they now stand, as they have always stood, in precisely the same legal position as the Bank of England and the Bank of Ireland, and in a position altogether exceptional, not only as regards the joint-stock banking companies of Scotland, but also as regards all the other banking institutions of the United Kingdom.

It has always been the settled policy and practice of the three banks to keep abreast of, and even to anticipate, every reasonable requirement of public security for their operations, and it is in pursuance of that policy that we are now promoting bills, having for their object the addition to our existing paid-up capital of a further security in the shape of a reserve of uncalled capital; a form of security now generally approved by the public and sanctioned by the Legislature.

The Bank of Scotland in its Bill therefore asks for power to deal with the capital already authorised by its Private Act of 1873. Under that Act, the bank is, as above explained, bound to issue



the capital, when created, in the proportions of two-thirds paid-up and one-third uncalled. In order that it may be in a position to establish a reserve of uncalled capital, a form of security introduced since 1873, it now asks from Parliament, and asks for nothing more than power to issue its existing un-created capital, with a smaller proportion paid-up than that at present authorised.

The Royal Bank of Scotland has a paid-up capital of two millions, and asks extended powers with the view of creating a reserve of uncalled capital.

The British Linen Company has a paid-up capital of one million, with authority to create additional capital to the extent of £500,000, and asks extended powers with the view of creating a reserve of uncalled capital.

We ask leave to assume, as being too clear for argument, that an enlargement of our bases of capital and liability, as proposed by our Bills, is for the public advantage.

With these preliminary observations we proceed to the specific objections stated by your lordships to the Bills. These objections have received our most careful consideration, but we are humbly of opinion that there are many and weighty reasons which can be urged in answer to them, and we beg to submit the following representations on the several points to which our attention has been directed.

#### I.—LIMITED LIABILITY FOR NOTES.

On this point we beg leave to remark that the Bank of Scotland and the Royal Bank have been issuers of notes from their origin, and the British Linen Company from a very early period of its existence. When the circulation of Scotland was settled on its present footing by the Act of 1845, the position of the three banks was fully explained, for in introducing the Bill for that Act Sir Robert Peel expressly stated that "there are in Scotland three great chartered companies, the members of which have limited liabilities," and, as if to press the fact home, he repeated a little farther on in his speech, "three are the ancient chartered companies with limited liabilities." (*Vide* Hansard, 23rd April, 1845, p. 1331.) This exceptional position was recognised by section 13 of the Scotch Banking Act of 1845 (8 and 9 Vict., cap. 38), by which the three banks were exempted from the obligation imposed upon the joint-stock banking companies of Scotland, to make a return of the names of their members, just as the Bank of England and the Bank of Ireland were similarly exempted by the English Act of 1844, and the Irish Act of 1845. We may also state that only the other day the Board of Inland Revenue intimated to us that they have been advised that the proper return to be made by us as bankers in London, is a return of our corporate name, and not of the members of our corporations.

Our position, therefore, is that of Banks of Issue, recognised by Parliament as having limited liability. Your lordships observe that, even if we wished to adopt unlimited liability for our notes, we would encounter legal and technical difficulties which might possibly prevent us from giving effect to this wish. There can be no doubt that these difficulties are insuperable, for it is obvious that unlimited liability could not, by legislation or any other means, be imposed in place of the existing liability of our proprietors. Recognising these difficulties, your lordships state that consideration will be given to any proposal by means of which we may think it possible to meet the wishes of the Treasury without encountering the difficulties alluded to. In response to this invitation, we at once say that it is both our wish and our interest that the currency of Scotland should stand on a footing of perfect security. None of the banking institutions of Scotland are more deeply interested in maintaining the stability of the national currency than the banks we represent, for on them in all periods of crisis no small proportion of the burden has fallen. We are, therefore, most willing to confer with the Treasury as to the best mode of adequately securing the note circulation, but without knowing more of the views of your lordships, we feel unable at present to submit a proposal of a definite kind. We have no hesitation, however, in assuring your lordships that it is our earnest wish to meet your views on this point.

Under this head we may refer to your lordships' suggestion that it would be a further advance in the consideration of the subject if the banks were inclined to make any proposal based on the principle of replacing the private issues now in circulation, with due regard to the interests concerned, by a public issue framed to meet the special requirements of Scotland, and conducted through the agency of banks in Scotland. We beg to represent that the adoption of the principle of a public issue, if by that be meant an issue by the State, would involve a fundamental change in the national currency, and that we believe such a change is not only not desired by the people of Scotland but would be most distasteful to them. The notes of the Scottish banks have been used with universal acceptance, as the circulating medium of the country, for a very lengthened period; and we are satisfied that any proposal to abolish these note issues would meet with the greatest opposition from the public of Scotland.

## II. NON-ADOPTION OF THE TERM "LIMITED."

Of Sir Stafford Northcote's Banking Act of 1879, we expressed, in a memorial addressed to him during its progress in Parliament, our thorough approval in its main features, but pointed out that it did not affect us as corporations. That Act is purely permissive. It is available only to unlimited companies, or to companies previously

registered under the Companies Acts as limited companies, and we are not within either category. We took no part in the opposition to the clause requiring the adoption, by companies choosing to restrict their liability, of the term limited, to which your lordships refer. The nature of that opposition, as well as the views and objects of the late Government, are made plain by the speech of Sir Stafford Northcote, on 17th June, 1879, addressed to a deputation representing the unlimited banks of Scotland and Ireland. He said :—  
“As I ventured to ask, do you wish to change the status and extent of liability of the shareholders in any of the banks? If you wish to change it, do you wish to make the change without giving notice to the public, or with giving notice to the public? If notice is given to the public, it must be done in some way which marks that a change has taken place in the liability of the bank. I do not care whether you take the words ‘reserved liability’ or ‘registered’ or anything else, or the old familiar word ‘limited’ by itself. These are questions of detail, but it does not seem to me entirely a question of detail whether you are to allow the shareholders of a bank to convert themselves from a position in which their liability was unlimited, to a position in which their liability is limited, without taking care to give notice to the public.”

Your lordships observe that, while the general law requires limited banks in the United Kingdom to adopt the designation of limited, it would be a departure from the principle of uniformity of banking regulations, on which recent banking legislation has proceeded, and would be misleading to the public, if an exception were made in our case. By the general law we understand your lordships to refer to the series of Acts known as the Companies Acts, including that of 1879. We ask no exemption from any law applicable to us. We say that the law has not required any banking company or any other company, existing before 1862, to come under the Companies Acts. The whole scope and effect of recent legislation, as regards such companies, has been permissive, and we would add that the action of Parliament every session in granting fresh powers to companies limited by Charter or Act of Parliament, without requiring them to come under the Companies Acts, is conclusive evidence that it was not the intention of the Legislature to make registration under the Companies Acts compulsory.

We would also remind your lordships that there is a very important class of colonial banks established in this country, with agencies in the provinces, most, if not all of them, competing with us in Scotland in the deposit branch of our business, all constituted by charter for limited periods and with limited liability. The late Government introduced a Bill in February, 1880, providing for the continuance of the charters of these companies in perpetuity, and conferring powers to increase their capital at will, without any

proposal being made that they should be required to adopt the designation "limited." Your lordships have, in a Treasury Minute dated 21st July, 1880, expressed general approval of the principles embodied in that Bill.

We are not certain whether it is the view of your lordships that the three banks, as the condition of obtaining the powers now desired by them, should be required to register under the Companies Acts as limited companies, or that they should, by substantive enactment in the present Bills, be required to adopt the designation limited, although not registered under those Acts. Dealing with those two alternatives, we would respectfully say that the first course is impossible, and that the second is both inappropriate and unprecedented.

With regard to the first alternative, we have been advised that we cannot register under the Companies Acts. The opinion of the Solicitor-General of England, Mr. Benjamin, Q.C., and Mr. Reilly, already submitted to the Treasury, appears to be conclusive on this point. But it may be said, and we think this was suggested by Lord Frederick Cavendish at our recent interview, that, assuming the impossibility of our registering under the Companies Acts as they now stand, the law might be altered by a public Act so as to permit our registration. On this suggestion we remark (1) That if it be proposed to render registration compulsory on all trading companies, or even on all banks now possessing limited liability in virtue of their charters or Acts of Parliament, this would be tantamount to a reversal of the whole scope and scheme of the existing law as affecting companies existing previously to the Companies Act of 1862; and (2) That if the suggestion be that the public law should be altered by an Act rendering it compulsory upon the three banks to take a step compulsory on no other banks similarly situated, we should feel compelled strenuously to object to legislation of a character so thoroughly partial and invidious.

With regard to the second alternative, we say that there is not a single instance of a corporation, or of a company of any kind, banking or otherwise, not registered under the Companies Acts, bearing the name limited. The reason is obvious. The term applied to a partnership so registered is natural and intelligible, for it denotes that the co-partnery has by registration chosen to alter its relations to its creditors by limiting its common law unlimited liability. But to a corporation the term is totally inapplicable—it is an absolute misnomer. For although in popular language it is not unusual to speak of corporations—as Sir Robert Peel did in 1845, as your lordships have done in your letter, and as we have done several times in this answer—as having limited liability, this is not strictly accurate. A corporation is in no legal sense a partnership, it is a distinct person in the eye of the law,

and, viewed as a person, the liability of the corporation is not limited. It is as unlimited as that of any real person—that is, the whole property of the corporation is liable without limit for its obligations. The members of a corporation are not partners, and as such liable *for* the corporation, they are only liable *to* the corporation for the sums subscribed by them to the corporate funds, which in so far as unpaid, form part of the property or assets of the corporation. This distinction is not theoretical, it is very real. It is well recognised by all writers on the Law of Corporations, and it has very recently been re-affirmed in the highest court of law. (*Vide* opinions of Lord Chancellor Cairns and Lord Selborne, *Muir v. Liquidators of City of Glasgow Bank*, H. of L., April 7, 1879.)

We respectfully submit, therefore, that it would be altogether inappropriate to designate as limited any corporation outside the Companies Acts, and that there is no authority in law, and no precedent for such a proposal. To designate the three banks as limited would be altogether misleading, for it would signify that they had in some form restricted their liability to the public, while, in point of fact, the change of designation would accompany not a limitation, but an extension of liability and of security to the public.

Moreover, we submit that our constitutions in the legal incident of limitation of liability are identical with those of the Bank of England and the Bank of Ireland. The Banking Acts of 1844 and 1845 recognised the exceptional position of all the five institutions, and left them on the same footing, and we cannot reasonably be asked to surrender our Parliamentary right of legal equality with the banks of the sister kingdoms, or to agree to a condition sought to be imposed only on the Banking Corporations of Scotland.

We do not dwell on the important services rendered by the three old banks in sustaining the credit and currency of Scotland for nearly two centuries, although we respectfully submit that this gives them the strongest claim to have their ancient and distinctive constitutions respected and maintained.

### III.—LEGISLATION BY PRIVATE BILLS OBJECTIONABLE.

The remarks made by us under the preceding head have an intimate relation to this point also, and to a large extent anticipate the observations we should otherwise have submitted respecting it. We submit we have established that, as Banking Corporations, it is impossible for us to come under the Companies Acts, and that we are outside the general scope of these Acts. We would again beg reference to the opinion of counsel, already alluded to, which establishes that in no other way than by private Bill could we attain the objects we have in view. And we would venture to add that it is not possible to place us in a position of uniformity with banking institutions registered under the Companies Acts.

Uniformity could only be attained by the total abolition of our distinctive constitutions. Legislation with such a view would be unprecedented; but though we also regard it as virtually impracticable, we think it right to allude to it for the purpose of showing that there was no other course open to us than that which we have adopted in promoting private Bills.

IV.—APPLICABILITY OF THE COMPANIES CLAUSES (SCOTLAND)  
Act, 1845.

The incorporation of certain clauses of this Act in the Bills of the Royal Bank and the British Linen Company was proposed merely for the sake of brevity, and there can be no objection whatever to set out at length in the Bills the clauses which they propose to adopt.

In conclusion, we would thus summarise the observations now submitted to your lordships :—

1. The three banks are ancient corporations, with no liability on the part of their members beyond their subscribed stock, and their position as such has been recognised by Parliament.
2. They ask no exclusive or exceptional privilege. They only seek power to enlarge their bases of capital and security, and this is for the public advantage.
3. They cannot effect this without the authority of Parliament.
4. They ask nothing which would interfere with the regulation by Parliament of the currency when the Legislature thinks right to open that question, and in the meantime they are willing and anxious to aid in placing the note issues on a footing as to security satisfactory to Her Majesty's Government.
5. They cannot come under the Companies Acts, and they are not within the general scope of recent legislation.
6. The term limited is inappropriate, and has never been applied to any company not registered under the Companies Acts :
7. And, applied to a banking corporation, the term would be an absolute misnomer, more especially if applied by an Act authorising the bank not to limit or restrict, but to extend and widen its liabilities.

We venture to express the hope that, on consideration of the representations now submitted, your lordships will recognise the propriety of the applications to Parliament now made by the banks we represent, and will give the sanction of Her Majesty's Government to the Bills as being for the public advantage. Similar powers, often asked for, have never hitherto been refused to any of the banks.

## BANKING STATISTICS.

REFERRING to the notice on this subject in the Journal of the Institute for April last, the following is the text of Mr. George H. Pownall's circular and the accompanying forms which have now been definitely settled. It is to be observed that the first two forms are applicable to Country banks, and the third form is specially arranged to meet the requirements of the London banks.

Mr. POWNALL says :—

“It is now generally allowed that the publication of the London Bankers' Clearing House Accounts is a great public benefit, and entails no injury on the members of the house. But the sums cleared in Lombard Street are only those which remain after a large proportion of the cheques and bills are cleared against each other in the books of the London Bankers, in Provincial Clearing Houses, by direct presentation, or by remittance between a bank and its branches, agents and correspondents. It was at one time the intention of Professor Stanley Jevons to pursue the enquiry indicated above; but the pressure of other affairs has caused him to relinquish this intention, and, at his suggestion, I am now carrying it on.

“In his books on ‘Money and the Mechanism of Exchange,’ after sketching out the principal features of the cheque and clearing system, Dr. Jevons says: ‘I have endeavoured to form some notion of the comparative amounts of cheques and bills which are cleared off at successive points in the organization of the banking system. It is very desirable that we should learn what proportion the transactions of the Clearing Houses bear to the whole transactions of the banks of the country. There would not be much difficulty in forming a fair estimate if we had, from one or more banks in each of the principal towns, a statement of the comparative amounts of cheques dealt with in various manners.’

“I now propose to follow out the line of enquiry suggested in the extract, with the view of forming an estimate of the total transactions of the banks of the kingdom. I hope to be able at the same time to throw the light of exact information upon many interesting, but now obscure, questions of currency. In particular, I desire to ascertain the various degrees in which coin and bank notes enter

into payments over the bank counter in different towns and districts. Only a few data bearing on this subject have been published by Sir John Lubbock, Mr. William Langton, Mr. R. H. Inglis Palgrave, and one or two other bankers and statisticians. The interest attaching to the statistics already made known shows the need of much more extensive and minute information of the same kind.

"It should be particularly observed that no statement of the amount of business done in any given time is desired, since the question is entirely one of comparative amounts. As shown in the forms, the returns can be given in either of two ways :—

(1.) By stating the amounts of transactions of each kind done in an interval of time, *of which the length need not be stated.*

(2.) By taking the total as 100, and stating the component amounts in the manner of percentages.

"It is desirable that the returns should refer to some part of the months of April and May, 1881."†

#### FORM I.—COUNTRY BANKS.

STATEMENT showing the aggregate receipts of the \_\_\_\_\_

Bank, at \_\_\_\_\_

during an *unspecified* number of days or weeks in the months of April and May, 1881, and the forms in which it was received (or the proportional amounts received from \_\_\_\_\_ to \_\_\_\_\_ 1881).

FORM OF RECEIPTS.	SUMS RECEIVED	PROPORTIONAL AMOUNTS.
Gold (Sovereigns and Half-Sovereigns) * .....	.....	.....
Silver Coin (with or without Copper) * .....	.....	.....
Bank of England Notes .....	.....	.....
Country Bank Notes .....	.....	.....
Cheques on the same Town or District .....	.....	.....
All other Cheques and Bills .....	.....	.....
Total .....		100

\* These items may be included under the general heading of *Money*.

† A period of *three days* in either of these months will be sufficient for the purpose.



## FORM II.—COUNTRY BANKS.

STATEMENT showing the modes in which the whole amount of Cheques and Bills received by the \_\_\_\_\_ Bank, at \_\_\_\_\_ during an *unspecified* number of days or weeks in the months of April <sup>or</sup> and May, 1881, was disposed of (or the proportionate amounts variously disposed of from \_\_\_\_\_ to \_\_\_\_\_ 1881).

MODE OF DISPOSAL.	SUMS DISPOSED OF.	PROPORTIONAL AMOUNTS.
Presented for payment to Banks in the same Town or District (a) .....		
Remitted direct to Branches of our own Bank .....		
Remittances to London Agents :—		
Country Cheques .....		
Cheques, Bills, &c., on London .....		
Remittances direct to Country Agents and Correspondents .....		
Cheques on own Bank (not including other Branches) entered to the credit of account .....		
Total .....		100

NOTE (a).—If by Local Clearing House, please note the fact.

## SPECIAL FORM FOR LONDON BANKS.

ANALYSIS of the aggregate receipts of \_\_\_\_\_ at \_\_\_\_\_  
 during an *unspecified* number of days or weeks in the months of April and May,  
 1881, and the forms in which it was received (or the proportional amounts  
 received, from \_\_\_\_\_ to \_\_\_\_\_ 1881.

FORM OF RECEIPTS.		SUMS RECEIVED.	PROPORTIONAL AMOUNTS.	
MONEY	{ Gold .....			
	{ Silver and Copper .....			
Notes	{ Bank of England .....			
	{ Country Notes .....			
DRAFTS.	{ Clearing (Out) .....			
	{ Bank of England* .....			
	{ Non-Clearing	{ (a) Own Branches ....		
		{ (b) Other Banks .....		
	{ Selves	{ (a) Cheques entered to Credit..		
		{ (b) Transfers .....		
{ Country Clearing, and all Country Cheques and Drafts sent for payment .....				
Total .....			100	
<p>* Bank of England, if not given separately, to be included in clearing.          Note.—If it be found impracticable to make all the subdivisions, such as are indivisible may be given in one total.</p>				
Supplementary Analysis of Receipts at Town Counter only.				
FORM OF RECEIPTS.		SUMS RECEIVED.	PROPORTIONAL AMOUNTS.	
Coin .....				
Notes .....				
Drafts .....				
Total .....			100	

## LEGAL DECISIONS AFFECTING BANKERS.

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The undermentioned case, in which judgment was delivered in the House of Lords on the 27th of November, 1880, decides—

That the endorser of a bill, having paid it, is entitled to the benefit of any securities to cover it deposited with the holder by the acceptor.

In view of the importance of this decision, it has been thought desirable to append the following full reprint of the case from the "Law Reports."

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DUNCAN, FOX, & CO., and ROBINSON & CO., *Appellants*; and THE NORTH AND SOUTH WALES BANK, S. C. RADFORD, RADFORD AND SONS, and BALFOUR, WILLIAMSON & CO., *Respondents*.

### *Bill of Exchange—Indorser—Surety—Securities*

The acceptor of a bill of exchange knows that, by his acceptance, he does an act which will make him liable to indemnify any indorser of it who may afterwards pay it. The indorser is a surety for the payment to the holder, and, having paid it, is entitled to the benefit of any securities to cover it deposited with the holder by the acceptor.

He is so entitled whether at the time of his indorsement he knew, or did not know of the deposit of those securities.

The surety's right in this respect in no way depends on contract, but is the result of the equity of indemnification attendant on the suretyship.

*S. C. R.*, one of the partners of *S. R. & Sons*, in December, 1874, deposited with the *N. & S. W. Bank* the title deeds of two of his own freehold properties, and signed a memorandum acknowledging them to be deposited as securities for what the *N. & S. W. Bank* might advance to the firm in the way of discounts.

In November, 1875, *D. & Co.* sold to *R. & Sons* a cargo of corn to be paid for in cash. Cash was paid only for part. *R. & Sons* offered a bill of exchange for the rest, which was declined. *D. & Co.* were customers of the *N. & S. W. Bank*. *R. & Sons* said if *D. & Co.* would inquire of those bankers they would find it would be all right with the *R.* bills. The bank manager refused to discount the bill without the indorsement of *D. & Co.*, but said that he believed *D. & Co.* would incur no more than a nominal liability by putting their names on the bill. *D. & Co.* thereupon consented to take the bill, indorsed it in the ordinary way, and it was discounted by the bank and carried to their credit. In January, 1876, *R. & Sons* stopped payment. The bill became due in February, and was dishonoured. *D. & Co.*, who then became acquainted with the fact that securities had been deposited with the bankers to cover advances on *R. & Sons* bills, brought an action against the *N. & S. W. Bank* to have the benefit, so far as they would

go, of the securities deposited in December, 1874, claiming to be sureties to the bankers for what was due upon the bill:—

*Held* that *D. & Co.* were sureties on the bill, and that as such they were entitled to the benefits of these securities.

The two firms of the appellants carried on business at *Liverpool* as merchants. They were not connected together in business, but the transaction of both with the *Radfords* were exactly of the same kind. It will be sufficient to refer to one alone.

*Radford & Sons* were millers and corndealers at *Liverpool*, the firm consisting really of *Samuel Collins Radford* and *James Radford*.

The *Radfords* were not strictly the customers of the *North and South Wales Bank*, but had opened a discount account with it, and were indebted to it in respect of discounts of bills of exchange. This discount account was considerable.

On the 1st of December, 1874, *Samuel Collins Radford* deposited with the bank certain deeds of freehold property belonging to himself, for the purpose of securing payment of the amount then due, and to become due, on discounts, from his firm to the bank. The deposit was effected by two memorandums, one of which, executed by *Mr. S. Collins Radford* alone, stated that the deposit was made "in pledge to secure to the said bank the balance, for the time being, owing to the said bank by my firm of *Samuel Radford & Sons* for discounts and advances, and for all other moneys in or for which the said firm, whether alone, or jointly with any other person or persons, were, or might, from time to time thereafter be or become indebted or liable on their account, or which the said bank might at any time claim against the said firm." The second memorandum relating to other property of *S. C. Radford* was in a similar form.

In November, 1875, *Duncan & Co.*, through their brokers *Maxwell & Co.*, sold to *S. C. Radford & Co.* a cargo of wheat *ex Rima* for cash after delivery. Part of the price was paid in cash, but *James Radford* applied to *Mr. Duncan* to take the acceptances of *Radford & Sons* for the residue. *Duncan* at first declined to do so, on which *James Radford* said, "You bank with the *North and South Wales Bank*, if you go there you will find it will be all right with our bills," to which *Duncan* answered, "If the bank will accept those bills without our indorsement, then I can oblige you." *Mr. Duncan* went to the bank and saw the manager, who declined to discount the bills without the indorsement of *Duncan & Co.*, stating that it was contrary to all banking customs to discount bills for any one who did not indorse them; he added that he did not think that *Duncan & Co.*, would incur more than a mere nominal responsibility by making the indorsement—or something to that effect. *Mr. Duncan* thereon informed *Radford* that he would consent to take the bills, which he did, and then indorsed them and handed them to the bankers, who discounted them, placing the amount to the credit of *Duncan & Co.* At that time *Duncan & Co.* had no knowledge that the bankers held any securities from *Radford*. In

January, 1876, before any of the bills became due, *Radford & Sons* stopped payment. When the bills became due they were presented for payment; they were dishonoured, and *Duncan & Co.* became liable to the bankers for the amounts. They received formal notice of the dishonour, and a demand of payment. There were other bills of *Radford & Co.* held by the bankers under similar circumstances on which *Robinson & Co.* were indorsers, all of which became due between the 22nd of February and the 27th of March. On the 24th of February, 1876, *Radford & Co.* executed a deed of insolvency. The bankers made the property deposited with them available for the purpose of covering their claims, and if the bills in question were not included in the general balance, that balance would be satisfied, but if they were included in it, the bankers would still be creditors of *Radford & Co.* upon the bills. Messrs. *Duncan & Fox* admitted their liability on the bills; but (having in the meantime heard of the securities held by the bankers) contended that they were entitled in calculating the amount due upon the bills, to the benefit of these securities, for that they *Duncan & Fox*, being merely, as between themselves and the bankers, sureties on the bills, they were entitled to the indemnity afforded by the securities which the principals on the bills, *Radford & Co.*, had placed in the hands of the bankers.

The appellants, after coming to a knowledge that the bankers held securities to cover discount and balances, applied to them to realise these securities and apply the proceeds in payment of the amounts due on the bills, or to render to the appellants an account of what was due from *Radford & Sons*, and, on payment of the same by the appellants, to transfer to them the securities for the same amount remaining in their hands. *Balfour, Williamson, & Co.*, and the other unsecured creditors, claimed to have the securities paid over to the inspectors for general distribution under the deed. The bankers declined of themselves to adopt either claim, and required the direction of a Court.

An action was thereupon brought by *Duncan & Co.*, in the Chancery Court of the County Palatine of Lancaster, to determine this question. Messrs. *Balfour, Williamson, & Co.*, creditors of the *Radfords*, were joined as defendants representing the creditors in general. The Vice-Chancellor (Mr. *Little*) on the 10th of May, 1878, decided in favour of the claim made by *Duncan & Co.* The decree, dated the 28th of May, 1878, declared that the appellants were sureties for the payment by the *Radfords* of the balance due in respect of the bills held by the bankers, and that the equitable mortgages of the 1st of December, 1874, extended to such bills of exchange and to all other acceptances of the *Radfords* held by the bankers, whether discounted by the *Radfords* or for third parties, and relief was given to *Duncan & Co.*, upon the principle that they were entitled to the benefit of the securities so deposited with the bankers. On appeal, this decree was ordered to be reversed

and the action dismissed with costs (1). This appeal was then brought.

Mr. E. E. Kay, Q.C., and Mr. W. F. Robinson, Q.C. (Mr. Ralph Neville was with them), for the Appellants:

The Appellants here bore the character of sureties to the bank for the payment of these bills, and, in that character, were liable on the bills: *Byles on Bills* (2); and were therefore entitled to any benefit from securities held by the bankers which would diminish the amount of the liability they had incurred. If the acceptors, who were the persons primarily liable, the real principals on the bills, failed to pay them, the Appellants made themselves liable as indorsers: *Suss v. Pompe* (3), that is, as sureties. If the indorsers discharged that liability they then became entitled to sue the acceptors—and, suing them, to take their property in execution. Part of that property would be the securities left in the hands of the bankers, who, if they received payment of the bills from the sureties, the indorsers, could have no right to retain, as against them, the securities which had been deposited to cover the debt of the acceptors which they had satisfied. The right of a surety to be indemnified out of the property of the principal was undoubted: *Byles on Bills* (4); and was not lessened by the fact that, as between the principal and the surety, the liability arose with relation to a bill of exchange. The deposit agreement under which the securities were given was collateral to the bills and could not affect the rights of the parties to those bills: *Byles on Bills* (5); it did not amount to giving time to the acceptor: *Pring v. Clarkson* (6), and therefore could not discharge the indorser, for the mere giving of additional security by the principal will not discharge a surety, though giving time to the principal on account of that security, without notice to the surety, will have that effect: *Overend & Gurney v. The Oriental Financial Corporation* (7).

In a transaction of this kind the security given on the bills would be strictly confined to the bills themselves, even in the hands of the bankers, and, the bills being satisfied, those who had been liable upon them became entitled to the securities: *Latham v. The Chartered Bank of India* (8). In *Praed v. Gardiner* (9) A. lodged certain securities in the hands of B., his creditor; A. afterwards incurred a fresh debt with B., for the payment of which C. became security. A. became bankrupt, and B. called on C. to pay the second debt. The securities being more than sufficient to pay the first debt, C. was held entitled to the benefit of the surplus in reduction of the second debt. The indorser, who, as to the holder of the bill is surety for

(1) 11 Ch. D. 88.

(2) 13th Ed. ch. xviii. 245.

(3) *Byles on Bills*, 13th Ed. 154; 30 L. J. (C.P.) 75; 8 C.B. (N. S.) 538.

(4) 13th Ed. 249-258.

(5) 13th Ed. 101; *Webb v. Salmon*, 13 Q. B. 886; 3 H. L. C. 510.

(6) 1 B. & C. 14.

(8) Law Rep., 17 Eq., 205.

(7) Law Rep. 7 H. L. 348.

(9) 2 Cox, 86.

its payment, has not only a right to the benefit of securities in the hands of the holder, but, if the holder is a debtor to the principal, has a right to the benefit of set-off in respect of such debt: *Becher-vaize v. Lewis* (1). There the payee suing a person whom he knew to have joined in a promissory note merely as a surety, the latter pleaded a set off of a sum due from the payee to the acceptor, and the plea was held good. The judgment of the Court was delivered by Mr. Justice *Willes*, who in the course of it stated (2): "A surety has a right as against the creditor, when he had paid the debt, to have for reimbursement the benefit of all the securities which the creditor holds against the principal. The surety has another right, namely, that as soon as his obligation to pay becomes absolute he has a right in equity to be exonerated by his principal." That case the more directly applies here, for here the bankers knew perfectly well that the Appellants only endorsed the bills as sureties. The same principle had already been declared by the Exchequer Chamber in the case of *Holmes v. Kidd* (3). That principle had been explained in *Younge v. Reynell* (4) to be derived from the obligation under which the principal debtor lay to indemnify the surety, and Vice-Chancellor *Wood* in *Newton v. Chorlton* (5), declared that the surety was not to have his position deteriorated by any arrangement between the principal debtor and the creditor. Though, therefore, the Appellants here knew nothing of the deposit of the securities at the time they became sureties on the bills, it was clear upon all the authorities that they were, in equity, entitled to the benefit of those securities as an indemnity against the liability they had incurred.

Mr. *Benjamin*, Q.C., and Mr. *A. G. Marten*, Q.C. (Mr. *F. Thomson* was with them), for the Respondents:—

There had not been anything done here which could in any manner vest especial rights in the Appellants. They were altogether strangers to what had passed between *S. C. Radford* and the bankers, and the securities given by him were expressly made liable only to what his firm might owe to the bankers. The Appellants were the persons who brought these bills to the bankers, and who had, on their own account, and for their own benefit, obtained from the bankers the amount of the bills. They had therefore made themselves, so far as they and the bankers were concerned, principal debtors. Under no pretence did the circumstances here warrant them in assuming the character of sureties, nor could the ordinary rules applicable in the case of principal and surety be applied in this case. So to apply them would be disastrous to mercantile transactions. The Appellants knew nothing of the securities deposited by *S. C. Radford*, and had not made themselves liable because of

(1) Law Rep. 7 C. P. 372.

(3) 3 H. & N. 891.

(2) Law Rep. 7 C. P. at p. 377.

(4) 9 Hare, 809.

(5) 10 Hare, 646.

those securities, or on account of any reliance placed on them. The Appellants had been told that it was probable their liability would be merely nominal, and they had chosen to incur the chance in order to obtain a present benefit. They had become liable to the bankers as principals on the bills, and were so liable at the moment when the *Radfords* stopped payment. At that time the only question as to the benefit to be obtained from the deposited securities was one which might arise between the bankers and the *Radfords*, but with no one else. When the bankers' claims were satisfied, the property given to them as security for their possible advances to the *Radfords*, ought to be returned to those who gave it. In that way it would become liable to the general creditors of the firm—and for the benefit of those creditors vested in the trustees appointed under the deed of inspection. As general creditors the Appellants might possibly claim to participate in the benefit of these securities, but only in that character, and could not specially claim the exclusive advantage of them, for they were not sureties but principal debtors on these bills, which had been discounted at their own request and for their own advantage. [LORD BLACKBURN :—Were they not sureties to this extent—that if the acceptors paid the bills they were free, but if the acceptors did not pay the bills, they undertook to do so ?] They undertook to pay the bills because they received the amount for their own use, and were in that way principal debtors. Under the special circumstances of the case they could not be said to bear any other character. The cases therefore where no such special circumstances existed did not apply to the present. As to the case of *Praed v. Gardiner* (1), no argument could be properly deduced from it, for the decree there appeared only to be a marshalling of securities held by the creditors according to the different equities of the persons entitled to redeem them ; there was no sufficient explanation of the case, and the grounds of the judgment were not stated.

This action was premature. The Appellants had not paid the bills, which were still held by the bankers, and on that ground could not maintain this action, for there was nothing to entitle them to proceed here on the *quia timet* principle : *Antrobus v. Davidson* (2).

Sir *H. Jackson*, Q.C., Mr. *Rotch*, and Mr. *Charles Peile* appeared for the *North and South Wales Bank*, which submitted without contest to any order that might be made. They did not, therefore, address the House.

Mr. *Kay* replied.

November 27th, 1880.

THE LORD CHANCELLOR (Lord *Selborne*) :—

My Lords, the Appellants, *Duncan, Fox & Co.*, are liable, as indorsers of three bills of exchange, dated the 25th of November, 1875, drawn upon and accepted by a firm of *Samuel Radford & Sons*

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(1) 2 Cox, 86.

(2) 3 Mer. 569.



for the total amount of £8,920. 15s. 3d., and given to *Duncan, Fox & Co.*, in part payment for wheat sold by them to *Samuel Radford & Sons*. The other Appellants, *Jonathan Robinson & Co.*, are liable as drawers and indorsers of two other bills, also drawn upon and accepted by *Samuel Radford & Sons*, under dates the 19th of November and the 14th of December, 1875, for the total amount of £5,432. 7s. 6d., on account of other wheat sold to *Samuel Radford & Sons*. All these bills were discounted, in the usual course of business, with the *North and South Wales Bank*, without any special agreement; and the bank has never parted with and still holds them. *Samuel Radford & Sons* stopped payment in January, 1876, and on the 24th of February following executed a deed of insolvency, under which their joint and separate estates are applicable for the benefit of their creditors, parties thereto, who are represented by the Respondents. Neither the Appellants nor the bankers are parties to that deed. The first of the five bills in question became due on the 22nd of February, three others on the 28th of February, and the last on the 17th of March, 1876. They were all duly presented for payment and dishonoured, and notice was duly given of dishonour. Some payments have been made by the acceptors on account; and the amount now remaining due upon them is claimed by the bank, as to three from *Duncan, Fox & Co.*, and, as to two, from the other Appellants. The Appellants are ready and willing to meet their liabilities on these bills, but they insist that a sum of £5,921. 19s. 6d. now in the hands of the bank, which has been realised from securities held by the bank under a certain memorandum of deposit, dated the 1st of December, 1874, ought to be applied to relieve them as far as it will extend, and also that the securities yet remaining unrealised under the same memorandum (valued at about £2,000), ought to be handed over to them, on payment of the balance which, after the application of the £5,921. 19s. 6d., will remain due upon the bills. This claim is resisted by the Respondents, who, for this purpose, may be regarded as standing in the shoes of *Samuel Collins Radford*, one of the partners in the firm of *Samuel Radford & Sons*.

The deposit consisted of the title deeds of certain real estate at *Liverpool*, belonging absolutely to *Samuel Collins Radford*, which, by the memorandum of the 1st of December, 1874, were pledged, to secure to the bank (whose customers *Samuel Radford & Sons* were), "the balance for the time being owing to the said bank by *Samuel Radford & Sons* for discounts and advances, and for all other moneys in or for which the said firm, whether alone or jointly with any other person or persons, were or might, from time to time thereafter be or become indebted or liable on their account, or which the said bank might at any time claim against the said firm." At the time when the present question arose all dealings and accounts between the bank and *Samuel Radford & Sons* had been closed, and nothing remained due to the bank, under the memorandum of

deposit, except the balance then unpaid upon those bills. The property from which the sum of £5,921. 19s. 6d. was realised was sold by the bank after the commencement of the action. The bank is before the Court (subject to its right to receive payment of the balance due on the bills and of its costs) merely as a stakeholder. In its answer it professes to be "desirous of acting with entire impartiality, and holding an even hand between the Plaintiffs and the Defendants, and of dealing with the securities and the proceeds thereof under the direction of the Court;" and it offers, on receiving payment of what is due to it, to pay over any surplus, and to assign any property comprised in its security which may remain unsold, to such persons as the Court may consider entitled.

The question, therefore, as to the proper appropriation of the £5,921. 19s. 6d. and the remaining securities, is between the Respondents, claiming in right of *Samuel Collins Radford* (one of the acceptors), and the Appellants, the indorsers of the bills of exchange; and it ought, I conceive, to be determined upon the same principles as if the Appellants had actually paid the bills, and as if the bank had paid the proceeds of the securities either to the Appellants, or into Court in this action. If, in either of those events, *Samuel Collins Radford* would have been entitled to an order against the Appellants for repayment, or for payment out of Court of such proceeds, to be applied as part of his estate under the inspectorship deed, you Lordships' judgment ought now to be for the Respondents: if not, the Appellants are right. The Vice-Chancellor of the Palatine Court of *Lancaster* thought that the Appellants were right: and, with the utmost respect to the Court of Appeal (which thought otherwise), I am of the same opinion.

In examining the principles and authorities applicable to this question, it seems to me to be important to distinguish between three kinds of cases: (1.) Those in which there is an agreement to constitute, for a particular purpose, the relation of principal and surety, to which agreement the creditor thereby secured is a party; (2.) Those in which there is a similar agreement between the principal and surety only, to which the creditor is a stranger; and (3.) Those in which, without any such contract of suretyship, there is a primary and secondary liability of two persons for one and the same debt, the debt being, as between the two, that of one of those persons only, and not equally of both, so that the other, if he should be compelled to pay it, would be entitled to reimbursement from the person by whom (as between the two) it ought to have been paid.

It is, I conceive, to the first of these classes of cases, and to that class only, that the doctrines laid down in such authorities as *Owen v. Homan* (1), *Newton v. Chorlton* (2), and *Pearl v. Deacon* (3) apply

(1) 3 Mac. & G. 378.

(2) 10 Hare, 646.

(3) 24 Beav. 186; 1 De G. & J. 461.

in their full extent. If, so far as the creditor is concerned, there is no contract for suretyship, if the person who has (in fact) made himself answerable for another man's debt is, towards the creditor, no surety, but a principal, then I think that the creditor would not be subject to those special obligations which were described by Lord *Truro* in *Owen v. Homan* (1), and would not, generally, have his powers of dealing with securities circumscribed and restricted in the manner described by Vice-Chancellor *Wood* in *Newton v. Chorlton* (2), and by Lord *Romilly* and the Lords Justices in *Pearl v. Deacon* (3). If, for example, in *Pearl v. Deacon* (3) the contract of suretyship had been only between *Pearl* and *Pearson inter se*, Messrs. *Deacon* dealing with them both as principals, and not with *Pearl* as a surety, I should take it to be clear that Messrs. *Deacon* might have distrained upon goods comprised in their security for the rent due to them from *Pearson*, without losing (as they did in the actual case) their remedy against *Pearl*. The difficulties, therefore, which in the present case appear to have weighed most upon the minds of the Judges in the Court of Appeal, would not ordinarily arise, unless there was a contract of suretyship properly so called, not between the two debtors only, but between them and the creditor also.

It is, however, consistent with this that the person who, as between himself and another debtor, is in fact a surety (though the creditor is no party to that contract of suretyship), has, against that other debtor, the rights of a surety; and that the creditor, receiving notice of his claim to those rights, will not be at liberty to do anything to their prejudice, or to refuse (when all his own just claims are satisfied) to give effect to them. The judgment of Lord Justice *Turner* in *Davies v. Stainbank* (4) and the cases of *Ex parte Hippins & Harrison* (5) and *Liquidators of Overend, Gurney & Co. v. Liquidators of Oriental Financial Corporation* (6) are founded, as I understand them on this view of the law. In such cases the equity is direct in favour of the surety-debtor against the principal debtor; but it affects the creditor towards whom they are both principals only as a man who has notice of the obligations of one of his own debtors towards the other. As between the two debtors, the "established principles of a Court of Equity, to which Sir *Samuel Romilly* referred in his argument in *Craythorne v. Swinburne* (7), judicially approved by Lord *Eldon* (8), are fully applicable. "Natural justice" (it was there argued) "requires that the surety shall not have the whole thrown upon him, by the choice of the creditor not to resort to remedies in his power." In *Aldrich v. Cooper* (9) Lord *Eldon* speaks of a surety's equity as resting

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(1) 3 Mac. & G. pp. 396—7.

(2) 10 Hare, p. 661.

(3) 24 Beav. 186; 1 De G. & J. 461.

(4) 6 D. M. & G. 694.

(5) 2 Glyn & Jameson, 93.

(6) Law Rep. 7 H. L. 348.

(7) 14 Ves. 162.

(8) 14 Ves. at p. 165.

(9) 8 Ves. 382, 389.

upon the same principles with that of marshalling, when one creditor of the same debtor is able to resort to either of two funds, and another creditor to only one. "It is not" (he says) "by force of the contract, but that equity, upon which it is considered against conscience that the holder of the securities should use them to the prejudice of the surety; and therefore there is nothing hard in the act of the Court placing the surety exactly in the situation of the creditor." And soon afterwards (where he speaks of marshalling), "The principle, in some degree, is that it shall not depend upon the will of one creditor to disappoint another;" and (1), "The Court has said that if a creditor has two funds, the interest of the debtor shall not be regarded, but the creditor having two funds shall take to that which, paying him, will leave another fund for another creditor." And in *Younge v. Reynell* (2) Vice-Chancellor *Turner* said: "When Lord *Eldon* says it is against conscience to sue the surety, it must be considered what is the meaning of that expression, and why this Court considers it against conscience that the surety should be sued; and I take it to be because, as between the principal and surety, the principal is under an obligation to indemnify the surety; and it is, I conceive, from this obligation that the right of the surety to the benefit of the securities held by the creditor is derived. The principle is not, I think, much dissimilar to that which applies where a man directs part of his estate to be employed in carrying on a trade, in which case the creditors of the trade have a right to resort to that part of the estate, because the trustees have a right to be indemnified out of it."

It appears to me that these principles of Equity are not less applicable to cases of the third class—cases in which there is, strictly speaking, no contract of suretyship, but in which there is a primary and secondary liability of two persons for one and the same debt, by virtue of which, if it is paid by the person who is not primarily liable, he has a right to re-imbursement or indemnity from the other—than to those of the second class, in which there is a contract of suretyship to which the creditor is not a party. To this third class of cases, the rights of an indorser against an acceptor of a bill of exchange may most properly be referred. The liability of the indorser to the holder is, by the law merchant, conditional, and (as was said by Mr. Justice *Buller*, in *Tindal v. Brown* (3) "only secondary;" but, when the conditions required by that law are fulfilled, it becomes absolute, and is that of a principal; and the indorser's right, if he pays the holder, to recover over against the acceptor is not founded on any agreement between him and the acceptor (who is as likely as not to be a stranger without any communication with him before the indorsement), but is established

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(1) 8 Ves. 391.

(2) 9 Hare, 819.

(3) 1 T. R. 170; affirmed 2 T. R. 186.

by the same law. But contracts of this kind, as well as suretyships proper, are entered into, by all the parties to them, with a knowledge and in view of the law by which they are governed. The acceptor, though he may know nothing of any particular indorser, knows that by his acceptance he does an act which will make him liable to indemnify any person who may indorse, and may afterwards pay the bills; and he knowingly and intentionally undertakes that liability, as much as if the indorsement were the result of direct communication between himself and that person. Lord *Eldon*, in *Ex parte Younge* (1), said with his usual accuracy (his language being as applicable to an indorser as to a drawer): "The drawer of a bill of exchange is not strictly a surety for the acceptor. In general cases, the acceptor is primarily liable upon the bill, and the drawer may be in the nature of a surety." The statement in *Smith's Mercantile Law* (3rd edition, p. 253) is also correct, and is established by many authorities, that "in the contract by bill or note, the maker or acceptor is considered the principal, and the indorsers as his sureties; and consequently, if the holder either discharge or suspend his remedy against the former, the latter, unless they have previously consented to it, or afterwards promised to pay with knowledge of it, are all immediately discharged." Mr. *Smith* uses, in this passage, the language of Mr. Justice *Chambre* in *Clark v. Devlin* (2), who stated that the case of *Darley v. English* was decided by Lord *Eldon* (in the Common Pleas) on that principle. I am unable to conceive any ground on which the principle which prevails in cases of suretyship should go so far as this, in favour of the drawer or the indorser, and not also extend (when the indorser is compelled to pay the bill, and when the question arises between him and the acceptor only) to securities deposited by the acceptor with the holder. In the present case the holder has actually in his hands a large sum of money, realized by him from such securities. It is very difficult, on any rational principle, to distinguish the receipt of such a sum, under such circumstances, from an actual payment on account by the acceptor. Of the creditor's right, if he pleases, to apply it in payment of the bills there can be no possible question; yet it is contended that he may, at his option, give the money back to the acceptor, and sue the indorser on the bills; nay more, that, if he does compel the indorser to pay the bills, without applying that money to them, a Court of Equity is bound to leave the burden on the indorser, and restore to an insolvent acceptor the money which has been so realized from the securities. I cannot reconcile such a decision with the doctrines of Lord *Eldon* and Lord Justice *Turner*. No case before the present has been cited, in which the right of a drawer or indorser to the benefit of such securities, as between himself and the acceptor, has ever been

(1) 3 V. &amp; B. 40.

(2) 3 B. &amp; P. 366.

denied or doubted. The opinion of Sir *John Byles*, in his very learned Treatise on Bills is (no doubt) no authority; and I will not lay stress upon the case of *Prasad v. Gardiner* (1), because, as was observed by Mr. *Marten*, what was really done in that case was to marshal securities held by the creditor according to the equities of the different persons entitled to redeem them, and the exact grounds of the judgment do not appear. But I think that the principles deducible from all the authorities lead, necessarily, to the conclusion, that, under circumstances like the present, the equity between the indorser and the acceptor is the same as that between a surety and a principal debtor when the creditor is not a party to the contract of suretyship. That equity, according to my view of it, need not interfere with the ordinary operation of such a general covering security as that given by *Samuel Collins Radford* to the *North and South Wales Bank*, during the continuance of the dealings between the secured creditor and the acceptor of bills not overdue, which the creditor may hold or part with as he pleases. It will not incapacitate bankers who may hold such a bill, accepted by a customer and indorsed by a third party, from carrying on their dealings with that customer, by varying the securities received from him according to the ordinary course of those dealings, as long as he remains solvent and before the acceptance has been dishonoured. It will not, in my opinion, tend to paralyse the business of discounting bills of exchange. But it is an equity which, in my judgment, does certainly attach, when the bills, overdue and dishonoured, and the securities, are found together in the hands of the secured creditor, at the time when he requires payment from the indorser; when the creditor has no other transactions then depending with the customer, and no claim upon the securities except for the bills themselves; and when the competition is between the indorser and the acceptor only.

For these reasons, I think that the judgment under appeal is erroneous, unless it can be supported on the ground that the security in this case was given by one only of the partners in the firm by which the bills were accepted. But it appears to me, that it can make no difference whether the security was given by all the acceptors or by one of them. In each case alike, the person giving the security is principal debtor as between the indorser and himself; and the interest, whether of a sole debtor or of one of two or more joint debtors, is not (in my opinion) to be regarded in competition with the equity of any one who is in the nature of a surety for him, and whom he is bound to indemnify.

I therefore propose to your Lordships to reverse the decree appealed from, and to restore that of the Vice-Chancellor of the County Palatine of *Lancaster*. The bankers will take their

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(1) 2 Cox, 26.

costs here and below out of the fund arising from the securities; and the Appellants must have their costs here and below out of any surplus remaining from the securities in the first instance, and (so far as the securities may not be sufficient to pay them) from the Respondents.

LORD BLACKBURN:—

My Lords, the *North and South Wales Bank* had, amongst its customers, a firm of *Samuel Radford & Sons*. The bank had taken from *Samuel Collins Radford*, one of the partners in that firm, the title deeds of some property belonging to him with two memorandums, by which he acknowledged to have delivered the title deeds in pledge to secure to the bank whatever might be owing from the firm to the bank.

I do not think it either necessary or desirable to inquire what might have been the rights of the various parties under all the complicated state of things which might have arisen during the winding-up of the transactions between the bank and *Samuel Radford & Sons*. It is enough to consider the state of facts which has in this case actually occurred.

The bank had discounted for one of the Appellants two bills of exchange, and for the other Appellant three bills of exchange accepted by the firm of *Samuel Radford & Sons*, payable at a bank in *London*. These bills were indorsed by the Appellants respectively. At maturity they were dishonoured, and the firm was consequently liable to the bankers as holders of them, so that the equitable mortgage was held in pledge to the bank to cover, amongst other things, those bills. The bank gave due notice of dishonour to the several indorsers respectively, and they became bound to pay, to the bankers as holders, the amount of the bills. On having the bills delivered to them so as to remit them to their former rights as holders against the acceptors and any indorsers prior to themselves.

The estate pledged to the bank has, in fact, been converted into money, and partly from that source and partly from others, most of the liabilities of *Samuel Radford & Sons* to the bank have been discharged in full, and some payments have been made by the acceptors on account of the bills in question. And now it is ascertained that after all liabilities of the partners to the bank, except those on the five bills in question, have been discharged, there will remain on the equitable mortgage, partly realised, a considerable surplus, though not sufficient to pay the bills in full. The indorsers offer to pay the bills on having credit for the money realised, so far as not applicable to other purposes, and having the equitable mortgage transferred to them. *Samuel Collins Radford* has not become bankrupt, but the general creditors of the firm insist that the indorsers of the bills ought to be made to pay in full, and then that the surplus of the pledged estate should be delivered to *Samuel C. Radford* to be applied for the general benefit. The

Appellants have filed this bill to have the memorandums and the title deeds, together with the bills of exchange, delivered to them, on payment by them of what remains due to the bank on the bills. The bank is sure to be paid in full either way, and having no interest in the matter, does not wish to favour either party, and submits to deal with the bills of exchange and equitable mortgages, after satisfaction of the principal moneys, interests, and costs, as the Court may direct.

The Vice-Chancellor held that the Appellants were entitled to what they claim. The Lords Justices reversed his decision, and the substantial question before the House is, whether the indorsers of the bills have such a right.

I think it is clear that they have no such right by contract. They did not at the time when they got the bills discounted at the bankers so much as know that the bank held any security from *Samuel Radford & Sons*, and of course, that being the case, made no express stipulation about it; and there is nothing in the nature of an indorsement for value to give the indorser any right, during the currency of the bill, to any security which either his immediate indorsee, or any other holder of the bill, may have from any party to the bill. The indorser, by the law merchant, is liable, on having due notice of dishonour, to pay the amount of the bill to the holder for the time being, on having the bill restored to him; but till the bill is dishonoured there is nothing to prevent the party who may be the holder for the time being indorsing it, even without recourse, so as to make it impossible that he can ever be the person to whom the prior indorser will have to pay the bill. I think, therefore, with the Lords Justices, that there is neither principle nor authority for saying that the indorsers are, during the currency of the bill, sureties, or in the nature of the sureties to the indorsee, or that they have any equity to prevent the indorsee from dealing as it may seem to him most desirable, with any other parties unless thereby he prevents himself from giving notice of dishonour, so as to give them their remedy against prior parties to the bill; and I agree with them in thinking that any contrary decision would be very mischievous.

But though the indorsers had no such right by contract, yet after the bills were dishonoured and notice of dishonour had been given to the indorsers, the position of the parties is altered. Though the indorser is primarily liable as principal on the bill, and is not strictly a surety for the acceptor, he has this in common with a surety for the acceptor, that he is entitled to the benefit of all payments made by the acceptor, and is entitled, on paying the holder, to be put in a situation to have a right to sue the acceptor. And now the state of affairs is so far cleared up, that the bank had, besides the right to come upon the indorsers, a right to come upon the security pledged to the bank by *Samuel Collins Radford*.



I think it is established by the case of *Deering v. Lord Winchelsea* (1), and the observations on that case by Lord Eldon in *Craythorne v. Swinburns* (2), and Lord Redesdale in *Stirling v. Forrester* (3), that where a creditor has a right to come upon more than one person or fund for the payment of a debt, there is an equity between the persons interested in the different funds that each shall bear no more than its due proportion. This is quite independent of any contract between the parties thus liable. Lord Eldon, in *Craythorne v. Swinburns* (2), says of *Deering v. Lord Winchelsea*: "That case also established that though one person becomes a surety without the knowledge of another surety, that circumstance introduces no distinction." And Lord Redesdale, in *Stirling v. Forrester* (4), says: "The principle established in the case of *Deering v. Lord Winchelsea* (1) is universal, that the right and duty of contribution is founded upon doctrines of equity, it does not depend upon contract. If several persons are indebted, and one makes the payment, the creditor is bound in conscience (if not by contract) to give to the party paying the debt all his remedies against the other debtors. . . . He (the creditor) is bound, seldom by contract but always in conscience, as far as he is able, to put the party paying the debt upon the same footing as with those who are equally bound. That was the principle of decision in *Deering v. Lord Winchelsea* (1), and in that case there was no evidence of contract." And this last principle, that the person making payment of more than his due proportion is entitled to have assigned to him all rights and securities of the creditor for the purpose of, by means thereof, obtaining contributions, is recognised and enacted by the 19 & 20 Vict. c. 97, s. 5.

I think that though the indorser of a bill is not exactly a surety for the acceptor, or a co-surety with those who are sureties for the acceptor, yet he stands in a position sufficiently analogous to that of a surety to bring him within the principle of *Deering v. Lord Winchelsea* (1).

If this be correct, it seems to me that the question in the present case is reduced to this: what are the due proportions as between the indorsers and the security created by one of the acceptors on his separate estate? If a third person, not a member of the firm or liable for its engagements, had become surety or pledged his estate as security to the bank for the general balance due to it from the firm, it might be contended, at least plausibly, that he became only surety for the balance after all indorsers had paid, and was therefore entitled to say that, as between him and the indorser, the indorser should pay all before the surety paid anything. I do not express any opinion how that would be. But the owner of the pledged estate in this case was himself one of the firm and an

(1) 2 B. and P. 270.  
(2) 14 Ves. 165.

(3) 3 Bli. 575.  
(4) Ibid. at p. 590.

acceptor of the bill, and as such liable to the indorser. And if the bank had applied the whole of the proceeds of the security, as far as they went, to the payment of these bills, it seems quite clear that *Samuel Collins Radford* could not have come on the indorsers to repay him part of the debt which he had thus paid. The answer would have been that he was, as between him and the indorsers, bound to pay the whole. And it follows, that if the bank comes upon the indorsers first, they must have the right to be recouped out of the security, unless the bank had an option to favour whichever set of those liable it pleased, which the reasoning of Lord *Eldon* seems to me to treat as manifestly inconsistent with the doctrine of equity.

I have, therefore, come to the conclusion that the decision below ought to be reversed.

I have not done so without some hesitation. For it is not to be denied that the result is that the indorsers of bills who happen to have discounted them with other banks are worse off than the Appellants, who, by what as regards them is a lucky chance, have got the benefit of this security. I am afraid to question the justice of a rule approved by such great lawyers as Lords *Eldon* and *Beddesdale*, though Lord *Eldon* does not seem at first to have approved of *Deering v. Lord Winchelsea* (1); but if it were *res integra* I am by no means sure that it would not have been better to say that every one should have the full extent of his rights given by contract, express or implied, and no more. But I think the unbroken current of authority from *Deering v. Lord Winchelsea* (1) decided in 1787, very nearly a century since, renders it impossible now to indulge in such speculations.

I agree to the order as to costs which has been proposed by the noble and learned lord on the woolsack.

LORD WATSON :—

My Lords, I shall endeavour very briefly to indicate the grounds upon which I agree with your lordships in holding that the judgment of the Lords Justices ought to be reversed, and that of the Vice-Chancellor restored. I should have had difficulty in coming to that conclusion had it not been that in the present case there are certain special circumstances, and that there are authorities in the law of *England* applicable to these circumstances, which do not seem to have been taken into consideration by the Court of Appeal.

It does not appear to me that the broad proposition maintained by the appellants at the bar of the House and elsewhere, to the effect that the indorser of a bill of exchange becomes entitled, in a question with the holder, to the same equities as if he had been a proper surety for the acceptor, has any foundation in law. To give these equities to an indorser before the bill falls due would, in my opinion, be inconsistent with the nature of a bill of exchange,

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(1) 2 B. & P. 270.

and the rights and obligations which it creates in favour of and against the parties to it; and I entirely agree with the observations of the Master of the Rolls upon the grave inconveniences to which bankers and merchants would be exposed by the introduction of such a principle, so far as these observations apply to the period of the bill's currency.

The special circumstances which appear to me to be of vital importance to the decision of the present case are these: that at the time when the bills in question matured, the bankers had brought their dealings with the acceptors to a close, in consequence, apparently, of the insolvency of the latter, and that the bank then held securities sufficient, when realised, not only to pay off all other debts due by the acceptors, but also to cover, if not in whole, at least in great part, the liabilities of the acceptors upon these bills.

That the bankers had power, in terms of the memoranda of deposit by *Samuel Collins Radford*, to apply the balance of their securities in extinction of the indebtedness of the firm of *Samuel Radford & Sons* upon the bills in question, does not admit of doubt. Accordingly, the bank had a legal right to recover from the indorser, who became directly liable to them upon the failure of the acceptors to honour the bills, and had also a legal right under their arrangement with *Samuel Collins Radford*, a partner of the acceptors' firm, to obtain payment out of the free balance of the securities deposited by him. In a question with the bank the acceptors and the indorsers were alike principal debtors, but the bankers knew, at least it came to their knowledge before they had exacted payment from either, that in a question with the indorsers the acceptors were, in reality, as well as *ex facie* of the bills, primarily liable. In these circumstances it is obviously immaterial to the bankers from which source they obtain payment of their debt.

In the present case *Samuel Collins Radford* cannot, in my opinion, plead that he did not intend to become liable for the dishonoured acceptances of his firm, discounted with the *North and South Wales Bank*, and seeing that the real conflict of interests lies between him and the indorsers, I think it would be inequitable to compel payment from the indorsers until the securities given by him to the bank have been exhausted.

But, my Lords, I conceive that there is abundant authority in the law of *England* conclusive in favour of the indorsers' claim. I shall not refer in detail to the series of decisions which have been fully dealt with by your lordships. They satisfy me that it has long been a settled rule of equity that, in circumstances analogous to those of the present case, the creditor is bound to take payment from that one of his debtors who is *inter eos* primarily liable for his debt.

I have only to add that, whilst it is my opinion that the indorser is not in the likeness, and therefore cannot claim the equities of a

surety, so long as the bill is current, I am not prepared to hold that he becomes necessarily, and in all circumstances, entitled to these equities whenever the bill matures. It is possible that, after maturity, the holder of the bill may have such interest, arising from his relations with the acceptor, as will entitle him even then to deal with his securities without respect to the interests of the indorser. But the solution of these questions is unnecessary for the disposal of the present case.

*Order appealed from reversed; decree of the Vice-Chancellor of the County Palatine of Lancaster restored, with directions as to costs, and cause remitted.*

*Lords' Journals, 27th Nov., 1880.*

Solicitors for Appellants : *G. L. P. Eyre & Co.*

Solicitors for Respondents : *Gregory, Rowclifes & Rawls.*



## JOURNAL OF THE INSTITUTE OF BANKERS.

JUNE, 1881.

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Sir JOHN LUBBOCK, Bart., M.P., President, in the chair.

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## ON THE MODERN SCIENCE OF ECONOMICS.

By HENRY DUNNING MACLEOD, Esq., M.A.,  
Of Trinity College, Cambridge: and the Inner Temple, Barrister-at-Law.

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[Read before the Bankers' Institute, Wednesday, 16th March, 1881.]

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*Revolutions and Transformations have taken place in all the Great  
Sciences.*

EVERY one of the great sciences in the course of its history has undergone a complete transformation from the mode in which it was conceived by its founders; and there is also a stage at which it becomes necessary to introduce more powerful and refined methods of investigation, more comprehensive forms of expression, and more minute and exact observation.

Sydney Smith has expressed the case in his usual lively way—"Nothing will do in the pursuit of knowledge but the blackest ingratitude—the moment we have got up the ladder we must kick it down—as soon as we have passed over the bridge we must let it rot—when we have got upon the shoulders of the ancients we must look over their heads. The man who forgets the friends of his childhood is base: but he who clings to the props of his childhood in literature [and Science] must be content to remain as ignorant as he was when a child. His business is to forget, to disown, to deny, and to think himself above everything which has been of use to him in time past: and to cultivate exclusively that from which he expects future advantage."

This exactly expresses the case with the science of Political Economy, or Economics as it may be more aptly called, at the present day. Up to the present time there have been two great schools of Economists each of whom has done great, glorious, and immortal services to mankind. But making ample acknowledgment of the priceless services done by these two preceding schools of Economists, the fact is that the Political Economy of Adam Smith, Ricardo, and Mill is now exhausted—it is a *caput mortuum* from which no further good can be extracted : it is wholly incapable of grasping the great Economic problems which demand solution at the present day, namely, CREDIT, BANKING, and the FOREIGN EXCHANGES. In fact this school of Economists have abandoned all these questions in hopeless despair.

#### *Character of former Economic Contests.*

Highly as we may esteem the great Economists of this and other countries it is essential to remember the character of Economic contests up to the present time. They have been almost wholly *destructive*. The first Economists found the public mind and the administration infected with an immense mass of rooted prejudices, errors, and abuses. Their first efforts were therefore directed to sweep these away—to beat down and abolish false doctrines of various kinds, to extirpate bad and mischievous laws interfering with the natural order of things : to abolish legislative interference with wages, with prices, and the commercial intercourse of nations : to establish in fact freedom of Commerce or Exchanges : and so far as this Economists of all schools are agreed.

#### *The Time has now come for a Positive Science of Economics.*

But while Economists of all schools are agreed on what was the *destructive* portion of their science, when we come to the CONSTRUCTIVE or POSITIVE Science, this agreement is at an end. Nothing can be more astonishing or lamentable than the differences of doctrine, and the antagonism of Economists on almost every point in the Science, so as to create a widely spread impression that there is no such intelligible Science at all as Economics : an impression which I hope I shall remove from your minds by the considerations I shall lay before you.

Many indeed suppose that the establishment of Free Trade is the whole end and aim of Political Economy : but nothing can be more erroneous. The destruction of protection was only the first fruits of the struggle of the infant Science, like Hercules strangling the serpents in his cradle, and not its consummation. In fact it only clears the ground and removes obstructions from the creation of the positive science. During the heat and the turmoil and the dust of

the battle to establish a great practical principle, there is no time to attend to the niceties of language, and the exact expressions of science. But now that the great victory is won, and men are able to sit down in a calm inquiring spirit, the time has come for a complete, deliberate, and systematic resurvey of the whole science.

No one is more sensible than I am of the immortal services rendered by the school of Economists founded by Adam Smith. But in all sciences there is progress: and it is the constant fortune of scientific systems to be succeeded and superseded by those of a superior order. And as a matter of fact the most advanced Economists in Europe and America have declared their adhesion to a far wider and more comprehensive system of Economics which I have been advocating for 25 years: which has given the solution of those questions of Credit and Banking which entirely baffled the second school of Economists: and by the acknowledgment of all men of business has finally set at rest that terrible Currency Question which has agitated and convulsed this country for three-quarters of a century.

*Bacon and other Philosophers have declared that Political Economy is a Physical Science.*

And now that I am going to bring before you one of those revolutions which have taken place in all sciences, I trust that you will bear with me while I make a few preliminary remarks which will greatly conduce to explain to you the nature of the case.

It is sometimes said that Bacon was the father of all modern physical philosophy: that he first shewed the way by which all modern sciences were created. This is to a certain extent true, but it is very far indeed from expressing the distinctive merits of the Baconian Philosophy. The inductive spirit was not the creation of Bacon, but it was the product of the European mind of the 17th century. Galileo and other physical philosophers created Physical Sciences wholly independent of Bacon. But the distinctive merit of Bacon has never yet been sufficiently appreciated. He did not create any special physical science: and it is just possible that the Physical Sciences might have been just as far advanced at the present time if he had never written a line. But Bacon did something far higher than creating any single science: he created the Science of creating sciences. He formed in his stupendous mind the everlasting canons of Inductive Logic by which all alleged sciences must be tested. He pointed out the methods by which the Physical Sciences must first be created: and then he had the marvellous prescience to perceive that the same principles of reasoning by which the Physical Sciences were to be created must be applied to the creation of the Moral and Political Sciences. That is the matchless and undivided glory of Bacon. Before there was



a single Physical Science in existence he laid down the everlasting canons by which all Physical Sciences must be created, and then he had the miraculous sagacity to perceive that in the Natural Sciences are to be found the types and standards of reasoning which are to guide us in the creation of Moral and Political Science. He inculcated the study of Physical Science it is true for its own sake, but not for its own sake only, but as the foundation of Moral Science. It is his transcendent merit to have been the first to perceive and to proclaim with the voice of a trumpet the great doctrine of the Continuity of the Sciences. He calls Natural Philosophy the great nursing mother of all the sciences, and complains bitterly of the damage they all sustained by being separated from her. And the progress of science has exactly verified the prescience of Bacon. The Inductive spirit was the product of the European mind in the 17th century : and it was first applied to the creation of the Physical Sciences : and Political Economy was the product of the European mind in the 18th century. For Political Economy is nothing but the attempt to apply to the phenomena of Society the same spirit of exact reasoning as had been applied to the phenomena of the material world. In the very short time at my disposal I can but touch very briefly on this point ; I can only say that since Bacon innumerable writers have maintained the same doctrine ; but I can only cite a few sentences from Mill.

He says—"The backward state of the Moral Sciences can only be remedied by applying to them the methods of Physical Science duly extended and generalised."

In another place he says,—“This truth is exemplified by the history of the various branches of knowledge which have successively in the ascending order of their complication assumed the character of sciences, and will doubtless receive fresh confirmation from those of which the scientific constitution is yet to come, and which are still abandoned to the uncertainties of vague and popular discussion. Although several other sciences have emerged from this state at a comparatively recent date, none now remain in it except those which relate to man himself, the most complex and most difficult subject of study on which the human mind can be engaged. If on matters so much the most important with which the human intellect can occupy itself a more general agreement is ever to exist among thinkers—if what has been pronounced the proper study of mankind is not destined to remain the only subject of which philosophy cannot succeed in rescuing from empiricism—the same processes through which the laws of many simple phenomena have by general acknowledgment been placed beyond dispute must be consciously and deliberately applied to these more difficult inquiries. If there be some subjects on which the results obtained have finally received the unanimous assent of all who have

attended to the proofs, and others on which mankind have not yet been equally successful : on which the most sagacious minds have occupied themselves from the earliest date, and have never succeeded in establishing any considerable body of truth so as to be beyond denial or doubt, it is by generalising the methods successfully followed in the former inquiries (that is in the various physical inquiries) and adapting them to the latter that we may hope to remove this blot on the face of science."

Thus you will see that in these passages Mill exactly agrees with Bacon, and asserts that Political Economy, or Economics, which is a Moral Science, is to be constructed on exactly the same principles and by the same course of reasoning that Physical Sciences are.

*Application of these remarks—Nature of a Physical Science.*

I propose now to show you the application of these remarks : and to explain what is meant by saying that Economics is a Physical Science.

A Physical Science is a body of phenomena, or facts, all relating to a single central idea or Quality : and the business of the science is to discover the Laws of these phenomena : that is to discover the causes which produce certain effects. But it is essentially requisite that these effects should be capable of numerical measurement. And the object of the science is to determine and express in exact language the causes which produce changes in the numerical relations of these effects.

As for example the science of Mechanics is the Science of Force : and the object of the science is to determine the numerical effects produced by Force. So each of the other physical sciences such as Optics, Heat, Electricity, &c., relates to the phenomena or facts concerning some single central idea or Quality.

But there is one fundamental principle relating to all these sciences to which I must especially direct your attention, as it will be found to be of the deepest importance in the science with which we are concerned this evening. It is this—the special Idea or Quality which is the basis of the science may appear in substances of the most unlike natures, and which agree in no other respect than in the possession of that Quality. But all these substances, or natures, however unlike or dissimilar they may be in other respects, so long as they agree in possessing that single Quality on which the Science is based, must be counted as elements or constituents in the Science.

As for example : Mechanics is the science of Force. And a Force is defined to be "ANYTHING which causes or tends to cause a change in a body's rest or motion."

Now that word ANYTHING is of a very wide nature : and there are many distinct kinds of things which exert Force. Some Forces

are material, such as men and animals : other Forces are incorporeal and invisible and intangible, such as gravity, electricity, &c., other Forces are explosive, such as gunpowder, dynamite &c. There are the Forces of the wind, steam, &c. But all these various things are mechanical Forces, because they all possess the common Quality of producing changes on the rest or motion of bodies. And yet they have no other Quality in common. What can be more different than man and the force of gravitation ? or gunpowder, or dynamite ? And yet all these distinct kinds of things are included under the common name of Force.

*Economics as a Physical Science.*

If then Economics or the Science of Wealth as it is often called, is a Physical Science, and to be constructed after the manner of a Physical Science we must first search for that Quality of things which constitutes them WEALTH. And when we have determined what that single Quality is, we must search for and discover how many distinct kinds of things there are which possess that single Quality : and then they must all be classed and included under the term WEALTH, no matter how dissimilar they may be in other respects : and even though they may have no other Quality in common than that single one which constitutes them WEALTH. Nay more, arguing from the analogy of Physical Science we should naturally expect that there would be several distinct orders of Quantities which possess the attribute which is the essence of Wealth, just as diverse in their natures as man and gravitation. And just as the principles of Natural Philosophy compel us to class man and gravitation equally as Forces ; so the principles of Natural Philosophy compel us to class Quantities as diverse in their natures equally as Wealth.

We have now to determine what that single Quality is which constitutes things Wealth : and I hope that in inviting your attention to this word you will not think that I am going to amuse you with vain logomachy or curious speculation. On the contrary this word is the basis of a great Science : and there is none probably which has so seriously influenced the history of the world and the welfare of nations according to the meaning given to it at various periods.

For many centuries the legislation of every country in Europe was moulded by the meaning given to the word WEALTH. The eminent French Economist J. B. Say says that during the two centuries preceding his time 50 years were spent in wars directly originating out of the meaning given to this word. Speaking of the Mercantile System which prevailed so long, another Economist, Storch, says, "It is no exaggeration to say that there are few political errors which have produced more mischief than the

mercantile system . . . . . It has made each nation regard the welfare of its neighbours as incompatible with its own : hence their reciprocal desire of injuring and impoverishing one another : and hence that spirit of commercial rivalry which has been the immediate or remote cause of the greater number of modern wars . . . . . In short where it has been the least injurious it has retarded the progress of national prosperity : everywhere else it has deluged the earth with blood : and has depopulated and ruined some of those countries whose power and opulence it was supposed it would carry to the highest pitch."

So Whately says—"It were well if the ambiguities of this word had done no more than puzzle philosophers . . . . It has for centuries done more, and perhaps for centuries to come will do more to retard the progress of Europe than all other causes put together."

These extracts which are nothing but the literal truth, shew you the importance and the gravity of the inquiry into which we are about to enter. I hope that we may do something this evening to remove this reproach : and that the words I am going to say may not vanish from your minds as if they were written in sand on the seashore : but rather be as if they were written with an iron pen, and graven on the rock for ever !

### *Definition of Wealth.*

We have now then to search for that single quality which constitutes things WEALTH : and then we must search for all the distinct kinds of Quantities which possess that Quality : and which therefore satisfy the definition of Wealth : and are therefore to be included under the title of Wealth, however diverse otherwise they may be in form.

Now Aristotle, the Greek Philosopher, says—

*Χρήματα δὲ λέγονται πάντα ὅσων ἡ ἀξία νομίσματι μετρεῖται.*

"And we call WEALTH ALL THINGS whose *Value* can be measured in money"—that is everything which can be bought and sold or exchanged. And all ancient writers, without exception, held that EXCHANGEABILITY, or the capability of being bought and sold, is the sole essence and principle of Wealth. Thus the eminent Roman Jurist, Ulpian, says—

"*Ea enim Res est quæ emi et venire potest.*"

"For that is WEALTH which can be BOUGHT AND SOLD."

Now here we have a perfectly good definition, or General Conception, which satisfies the rule I have laid down : and is therefore fitted to form the basis of a great Science. It is a conception as wide and general as the mechanical definition of Force. And that single sentence of Aristotle is the germ out of which the whole Science of Economics is to be evolved, just as the huge oak-tree is developed out of the tiny acorn !

Having then adopted Exchangeability, or the capability of being bought and sold, as the sole essence and principle of Wealth, we have next to discover how many distinct orders of Quantities there are which satisfy this definition.

Now first there are Material Things, such as lands, houses, cattle, money, jewelry, &c., which can be bought and sold. Every one now-a-days admits these things to be Wealth.

There are however other things, or orders of Quantities which can be bought and sold: and in modern times there has been a vast amount of controversy as to whether they should be admitted to be Wealth or not; and it is to these kinds of Quantities that I shall now direct your attention.

*Ancient Dialogue, named the Eryxias, to shew that LABOUR is WEALTH.*

There is a very remarkable work of antiquity which is the earliest regular treatise that I am aware of, on an economical question. It is a dialogue called the Eryxias, or on the Meaning of Wealth. This dialogue is to the following purport. The Syracusans had sent an embassy to Athens; and the Athenians had sent a return embassy to Syracuse. As the Ambassadors were entering Athens on their return, they met Socrates and a party of his friends with whom they entered into conversation. One of them said he had seen the richest man in all Sicily. Socrates immediately started a discussion on the nature of Wealth. Eryxias said that he thought on the subject as everyone else did: and that to be wealthy meant to have much money. Socrates asked him what kind of money he meant, and he described several different kinds of money. He said that at Carthage they used as money leather discs in which something was sewn up, but no one knew what it was: and he who possessed the greatest quantity of this money at Carthage was the richest person there: but at Athens he would be no richer than if he had so many pebbles from the hill. At Lacedæmon they used iron as money, and that useless iron: he who possessed a great quantity of this at Sparta would be wealthy, but anywhere else it would be worth nothing. In Æthiopia again, they used carved pebbles, which were of no use anywhere else. Among the nomade Scythians a house was not wealth, because no one wanted a house, but greatly preferred a good sheepskin cloak. He then asked why some things were Wealth, and other things were not Wealth? Why were some things Wealth in some places and not in others? Socrates showed that whether a thing is Wealth or not, depends entirely upon HUMAN WANTS and DESIRES. That things are χρήματα or Wealth, where they are χρήσιμα, that is where they are wanted and demanded.

Thus we see that though many persons might be puzzled at the

meaning of Wealth, there is no possibility of mistake when we refer to the Greek, because *χρήματα* which is the usual word for Wealth comes from *χράσμαι* to *want* or *demand*: consequently the word *χρήματα*, or Wealth, means simply anything whatever which is *wanted* and *demand*ed, no matter what its nature may be.

Thus you see that it is human wants and desires which alone constitute anything Wealth. Anything whatever which people want and demand and are willing to pay for, is Wealth, whatever its nature may be: and anything which no one wants or demands is not Wealth.

Socrates showed that gold and silver are only Wealth so far as they can obtain for us what we want and demand: and that if we can use anything else to obtain what we want and demand in the same way as gold and silver, such things are wealth just for the same reason that gold and silver are.

Socrates then instanced professors, and persons who gained their living by giving instruction in the various sciences. He said that persons got what they wanted in exchange for this instruction, just as they did for gold and silver: and consequently that the Sciences are Wealth (*αἱ ἐπιστήμαι χρήματα οὔσαι*): and that those who are masters of such sciences are so much the richer (*πλουσιώτεροι*).

Now in instancing the sciences as Wealth, that of course is a general term for LABOUR: because Labour in Economics is any exertion of human ability or energy, which is wanted, demanded and paid for. Thus the author of this dialogue expressly classes LABOUR under the term WEALTH. And this exactly agrees with Aristotle's definition that *everything* is Wealth whose *Value can be measured in money*: because if you want a person to do any Labour or Service for you, and you pay him for such Labour or Service, its *Value is measured in money* as exactly as if it were a material chattel. Suppose that you give 50 guineas for a horse, and also give 50 guineas for the opinion of an eminent Counsel, the value of the opinion is *measured in money* as exactly as the value of the horse. And therefore they are both equally Wealth. And in fact all modern Economists treat Labour as a commodity which can be bought and sold, and is subject to exactly the same Laws of Value as any material chattel.

This dialogue clearly enforces a doctrine which is of the greatest importance in Economics, namely that there is nothing which is in its own nature and absolutely Wealth. Whether a thing is Wealth or not depends solely upon human WANTS and DESIRES. That is, Exchangeability is the sole essence and principle of Wealth. Things are Wealth only in those places and at those times where and when they are Exchangeable: that is where and when they are WANTED and DEMANDED: and consequently they cease to be Wealth, when they cease to be exchangeable, that is when and

where they cease to be wanted and demanded. Therefore the very same thing may be Wealth in some places and not in others ; and at some times and not at others.

We have thus already found two distinct kinds of things which can be bought and sold, or whose Value can be measured in money (1) Material things which can be seen and handled such as Money, cattle, corn, &c., and (2) things which can neither be handled nor seen, but which can yet be bought and sold : and though these two kinds of things have nothing in common except the capability of being bought and sold, they are each comprehended under the term Wealth. This latter class of things is called by the French Economist, J. B. Say, **IMMATERIAL WEALTH**, because it is Wealth, but not embodied in any matter.

*General Rule of Roman Law that RIGHTS are WEALTH.*

But there is yet another kind of things or Quantities which can be bought and sold, or exchanged, of a nature quite distinct from the two kinds we have already considered. And this order of Quantities is especially worthy of your attention because it is the class of Quantities with which the members of this Institute are chiefly concerned : and it is the one which modern Economists have the greatest difficulty in comprehending.

Suppose that you have a Right to demand a sum of money from some person at some fixed time : you can sell that Right of action to any one else : and if it be written down on paper the person who buys it from you can sell it again to any one else. And so it may be sold and exchanged, and effect exchanges, exactly like a piece of money, any number of times until it is paid off and extinguished. But this is a mere abstract RIGHT OF ACTION, wholly severed and separated from any specific money.

And there is an immense variety of other abstract Rights which may be bought and sold quite separately from any material money. As for instance you can buy and sell the Funds : and what are the Funds ? They are mere abstract Rights to demand a sum of money from the State at certain intervals. So Shares in Commercial Companies : the Goodwill of a business : the Practice of a professional man : Copyrights : Patents, &c., &c., and other mere abstract Rights of various kinds can all be bought and exchanged like any material chattels.

Now as all these Rights of various sorts can be bought and sold, their *Value is measured in Money* as exactly as if they were material chattels. Therefore they satisfy Aristotle's definition of Wealth : therefore they are Wealth. You can neither see nor handle an abstract Right : but you can buy and sell it : it therefore possesses the Quality which is the essence and principle of Wealth : and

therefore by the fundamental principles of Natural Philosophy it must be classed under the term **Wealth**.

Now in the Pandects of Justinian, which you are doubtless aware is the great Code or Digest of Roman Law, and is the basis of all the existing Law on the Continent, and whose doctrines on Credit have been recently adopted by Statute as the Law of England, it is laid down as a fundamental General Rule—

“*PECUNIE nomine non solum numerata pecunia, sed omnes res tam soli quam mobiles, et tam corpora quam JURA continentur.*”

“Under the term **WEALTH** not only ready money but all things both immovable and movable, corporeal and **RIGHTS** are included.”

So Ulpian one of the most famous Roman Jurists says—

“*Nomina eorum qui sub conditione vel in diem debent et emere et vendere solemus. Ea enim Res est quæ emi et venire potest.*”

“We are accustomed to buy and sell **DEBTS** payable at a certain event and on a certain day. For that is **WEALTH** which can be *bought and sold.*”

And there are several other passages in Roman Law which expressly declare that abstract **Rights** of all sorts are included under the titles *Res*, Property; *Bona*, Goods and Chattels: and **MERX**, merchandise.

It is so important to understand clearly that a mere abstract Right of action, wholly severed from any specific money is a Vendible Commodity or merchandise, that I will venture to read one more passage—

Sir Patrick Colquhoun in his Summary of Roman Law says—

“The first requisite of the consensual contract of *emptio et venditio*, is a **MERX** or object to be transferred by the buyer to the seller: and the first great requirement is that it should be *in commercio*, that is, capable of being freely bought and sold. Supposing such to be the case it matters not whether it be an immovable or a movable, corporeal or incorporeal, existent or non-existent, certain or uncertain, the property of the vendor or another: thus a Horse, a **RIGHT OF ACTION**, &c.”

In the tenth century the Greek Emperors of the East published a revised edition of the Digest in Greek, which is still the Common Law of the Greeks throughout Eastern Europe. And in this revised Code it is expressly declared that **Rights** are included under the terms *χρήματα*, Wealth; *ἀγαθά*, Goods: and *πράγματα*, Chattels.

Thus you will observe that ancient writers unanimously held that Exchangeability, or the capability of being bought and sold is the sole essence of **Wealth**: and that there are three distinct orders of Quantities which can be bought and sold, (1) Material things: (2) Labour: and (3) **Rights** of various kinds. And there are no more: there is nothing whatever which can be bought and sold which is not of one of these three forms, either it is a material



object : or it is a Service of some kind : or it is an abstract Right of some kind.

All ancient Jurists class abstract Rights such as Rights of action, which are also termed in English Law CREDITS or DEBTS under the terms Wealth, Goods and Chattels, or Merchandise ; but the subject is so important and so little understood by lay writers that I must say a few more words on it. It is exactly the same in every system of Jurisprudence : thus Blackstone says—

“For it is to be understood that in our Law Chattels (or Goods and Chattels) is a term used to express any property which having regard either to its subject matter or the quantity of interest therein is not freehold.

“Property, or Chattels Personal, may either be in possession or else in action . . . . Property in action (*i.e.* Rights of action such as Credits or Debts) is where a man has not the enjoyment either actual or constructive of the thing in question, but merely the Right to receive it by a suit or action at law.”

Thus all such Property as Debts, Bank Notes, Bills of Exchange, the Funds, Shares in Commercial Companies, Copyrights Patents, and other Rights are “GOODS AND CHATTELS” in English Law just as much as any material chattels.

As the business of banking essentially consists in buying and selling DEBTS, it may be as well to familiarise the minds of banking students somewhat more with the idea that DEBTS are GOODS AND CHATTELS.

Thus an old text writer says, “All kinds of emblements, sown and growing, grass cut, all money, plate, gold, silver, jewels, utensils, household stuff, DEBTS, wood cut, wares in a shop, tools and instruments for work, wares, merchandise, carts, ploughs, coaches, saddles and the like : all kinds of cattle, as horses, oxen, kine, &c., &c., are to be accounted as CHATTELS.

All RIGHT OF ACTION to any personal action is a CHATTEL.

So on a well-known case Parker, L. C. B. said, “but GOODS AND CHATTELS include DEBTS. . . . THINGS IN ACTION are considered as GOODS AND CHATTELS.”

I need not multiply quotations ; in fact, those I have given are chiefly for the benefit of lay readers : because it is one of the most elementary principles of Mercantile Law that a simple RIGHT OF ACTION, or a CREDIT or a DEBT, is included under the terms Goods and Chattels, Merchandise, or Vendible Commodity. And when this conception is clearly grasped, the whole difficulty which is supposed to envelope the business of banking vanishes ; because the business of banking consists in creating, buying and selling, transferring, and extinguishing the species of Commodities or Merchandise termed Debts.

It is thus seen that the ancients possessed the true scientific

instinct. They fixed upon a single General Quality as the sole essence and principle of Wealth: namely Exchangeability or the capability of being bought and sold. They then searched for and discovered all the different orders of Quantities which can be bought and sold, and expressly classed them under the term Wealth, Merchandise, Goods and Chattels. They found that there are three, and only three, distinct orders of Quantities which can be bought and sold. And all Commerce in its widest extent, and in all its forms and varieties, consists in the exchange of these three orders of Quantities. And as the science of Wealth is the science of the facts or phenomena based upon that Quality of things which constitutes them Wealth: and as it is agreed that Exchangeability is the Quality which constitutes things Wealth: it necessarily follows that the Science of Wealth can be nothing else than the Science of Exchanges or of Commerce; or the Science which treats of the Laws which govern the varying relations of these diverse Quantities.

*Economics, or Commerce, consists of Six distinct kinds of Exchange.*

The Science is now what is technically termed *complete*: that is we know as a positive fact that we have discovered all the different kinds of Quantities it deals with. We know as a positive fact that there are no other orders of Exchangeable Quantities besides those already mentioned.

And there being *Three* orders of Exchangeable Quantities they can be exchanged in *Six* different ways.

1. A Material thing can be exchanged for a Material thing—as when gold money is exchanged for land, houses, corn, cattle, timber, &c.

2. A Material thing can be exchanged for Labour—as when wages are paid in gold money.

3. A Material thing can be exchanged for Rights—as when gold money is exchanged for Bills of Exchange, the Funds, Copyrights, &c.

4. One kind of Labour can be exchanged for another kind of Labour—as when persons agree to perform services for each other.

5. Labour can be exchanged for a Right—as when wages are paid in Bank Notes, Cheques, &c.

6. One right can be exchanged for another Right—as when a banker buys a Bill of Exchange, which is one Right of action, by giving his customer a Credit on his books for it, which is another Right of action.

These six species of Exchange constitute Commerce in its widest extent, and in all its forms and varieties; and are the subject matter of the Science of Economics.

And the Science is called Economics because *oikos* in Greek means Property of every description: it is the term in Attic Law

for a man's whole substance or estate, and includes not only lands, houses, cattle, money, &c., but also such property as debts, Bank Notes, Bills of Exchange, Copyrights, Shares in Commercial Companies, the Funds, &c. *Nómos* (*nomos*) means a Law: consequently Economics is the Science which treats of all the Exchanges of different kinds of Property.

*Economics is a Physical Science.*

And any person whatever possessed of the slightest feeling for Mathematical and Physical Science can at once perceive that we have here a great Mathematical and Physical Science. Because we have seen that a Physical Science is a body of facts or phenomena all based upon a single central idea or Quality: and the object of the Science is to determine the Laws which govern the Numerical Relations of the Quantities it deals with.

Now here we have a distinct body of phenomena, or facts, all based upon a single central idea, Exchangeability—and therefore it is fitted to form a great demonstrative Science of the same rank as Mechanics or Optics, or any other Physical Science. Another great body of particular facts is won from the vague, floating, and uncertain mass of knowledge, and circumscribed by a definition; and formed into a great Inductive Science, whose investigations must be governed by the same general principles of Inductive Logic as all other sciences are: and yet it will be found to contribute its own quota to Inductive Logic: bearing a general similarity to its sister sciences, and yet with peculiarities of its own.

We have seen that there are *three* distinct orders of Exchangeable Quantities, and *six* distinct kinds of exchanges: and the object of the science is to discover the Laws of the phenomena of these exchanges: that is, the changes in the numerical relations of these Exchangeable Quantities. We have thus a new order of Variable Quantities: and by the general principles of Natural Philosophy the laws which govern the variable relations of Economic Quantities must be strictly in conformity with the Laws which govern the relations of Variable Quantities in general. The same general principles of reasoning which govern the varying relations of the stars in their courses must govern the varying relations of Economic Quantities. Hence we have a body of phenomena susceptible of the strictest mathematical treatment, which I shall designate as the great Science of ANALYTICAL ECONOMICS.

*The most advanced Economists adopt this view of the Science.*

Upon the present occasion I propose to stop here while we are still in those halcyon days when the whole world presented that rare and delightful picture of Economic unanimity on the meaning of the word Wealth: and to pause awhile before I embark on the stormy sea of modern Economics.

Should it be agreeable to the Council, I propose on a future occasion to trace the history of Economical ideas in modern times, and to show you how from small beginnings the science has been expanded and enlarged until at last we have come back to the unanimous doctrine of ancient writers.

I will only say that the expression which is commonly used at the present day to designate the science of Political Economy, was expressly defined and explained by the persons who originated it to mean the Commerce or Exchange of the material products of the earth, and those only. The first school of Economists in modern times expressly excluded Labour and Rights from the term Wealth : but since then, two successive schools of Economists have enlarged and expanded the science until at last it has attained the simplicity and generality to which ancient writers had brought it. For the latest and most advanced Economists now acknowledge and adopt Aristotle's definition of Wealth as the true one. They are now agreed that Exchangeability is the sole essence and principle of Wealth : and consequently that the Science of Economics is nothing but the scientific Principles and Mechanism of Commerce in its widest extent, and on all its forms and varieties.

*Economic Science is the most complicated branch of Human Knowledge.*

And it must be understood that Economic Science is the profoundest and most complicated branch of human knowledge, and requires a greater variety of knowledge than any other.

(1.) It deals with Property of every description and in all its forms : consequently a profound knowledge of the Laws of Property and especially of Mercantile Law is absolutely indispensable to enable a person to perceive and recognise the existence of the various Quantities with which the Science deals.

(2.) It deals with all the Exchanges of Property ; and consequently a thorough and profound knowledge of Commerce in all its branches is necessary to enable us to understand the great mechanism of Exchanges.

(3.) A profound knowledge of Mathematics and Physical Science and of the methods and principles by which the various Physical Sciences have been constructed, is necessary to enable a person to express the Laws which govern the varying relations of Economic Quantities in strict harmony and analogy with the Laws of the other Physical Sciences.

At the present stage of Economics it is not possible to turn a sentence on it without a knowledge of the profoundest and subtlest principles of Mercantile Law : of the mechanism of commerce : and of the Laws of Mathematics and Natural Philosophy. Among other things I may mention that the perplexities and subtleties of the Theory of Credit can only be unravelled by principles of Algebra

which have only been clearly understood by Mathematicians themselves within the last fifty years. In fact Economics could not possibly have been erected into a great Inductive Science until Mathematicians had perfected the general Theory of Variable Quantities, and the Theory of Algebraical Signs.

Economics is the noblest and the grandest creation of the human intellect. It is the crown and the glory of the Baconian Philosophy. No one can thoroughly realise the awful sublimity of the genius of Bacon until he studies Economics: because it is the literal realisation of his matchless discovery that the same principles of Mathematical and Physical Science which govern the phenomena of nature equally govern the practical business of life.

Time's noblest offspring is its last.

Economics is now clearly seen to be a Physical Science: but it is also a Moral Science: because it is based upon the *mores*, the wants, desires, and demands of men. We find that the same general Laws of Exchange hold good among all nations, among the rudest and the most civilised in all ages and countries. The principles of Commerce are absolutely uniform throughout the world. The same causes are invariably followed by the same effects: and that is the reason why Economics may be raised to the rank of an exact science: a permanent and universal science of the same nature as the Physical ones: because it is based upon principles of human nature which are as permanent and universal as those of physical substances upon which the Physical Sciences are based. And therefore it is a Physical Moral Science, and the only Moral Science which is capable of being raised to the rank of an exact science.

### *Conclusion.*

And I feel assured that this Institute, having once put its hand to the plough, will not go back: more especially as the latest additions to the science concern it most deeply. I should never wish in the slightest degree to extenuate or diminish the glorious triumphs achieved by the preceding schools of Economists. But every science is greater than any of its cultivators. Astronomy is greater than Hipparchus, than Ptolemy, than Copernicus, than Kepler, greater even than Newton himself. So Economics is greater than Turgot, than Quesnay, than Smith, than Say, than Mill. To every one who has done good service let us pay rational respect, but not abject idolatry. No one, however eminent, is now permitted to be a despot in science, and chain up the human mind, or arrest the progress of thought. As Ptolemy said, "He who studies philosophy must be a freeman in mind." And scientific truth compels me to say that their systems are now exhausted, and inapplicable to the great Economic problems of

the present day—CREDIT, BANKING, and the FOREIGN EXCHANGES. To understand these subjects we must adopt a far wider and more comprehensive system of Economics than has hitherto prevailed : one which I am happy to say is now gaining the ascendency throughout the world. The Theory of Credit and Banking is now brought to the strictest mathematical demonstration. And I trust that the Council will lend their aid in diffusing a knowledge of the scientific principles of these subjects among the younger members of their profession. This knowledge is not only of the deepest importance to the members of this Institute, but also to the nation at large. Credit is to Commerce exactly what Steam is in Mechanics : it is the great moving power of modern times. And while as the eminent American Jurist and Statesman Daniel Webster said—"Credit has done more a thousand times to enrich nations than all the mines of all the world"—it has produced calamities of corresponding magnitude. False theories of Credit, and the abuses of Credit, have produced monetary cataclysms which have shaken nations to their foundation, and whose direful effects have only been equalled by those of the earthquake and the volcano.

It was the former pride of Banking to be associated with Learning. It was the great bankers of Florence, the Medici, the Bardi, the Peruzzi, the Pitti, and hosts of others who were the great restorers of learning in modern times. It was their pride and their glory to lavish their treasures in searching every corner of Europe for the lost works of antiquity.

Along the banks where smiling Arno sweeps  
Was modern Luxury of Commerce born,  
And buried Learning rose redeemed to a new morn.

And if it was so glorious a thing in the fifteenth century, for the bankers of Florence to restore learning on the banks of Arno, it will be an equally glorious thing in the nineteenth century, for the bankers of London to celebrate the union of Learning and Commerce on the banks of Thames.

## DISCUSSION ON MR. MACLEOD'S PAPER.

The PRESIDENT: I am not surprised that there should be some diffidence in rising to discuss such a paper as this, because it deals with questions very difficult and complex; therefore it is perhaps the duty of the Chairman to throw himself into the breach. It certainly seems to me very remarkable that there should have been in ancient times such different ideas as to the nature of wealth. No doubt one can easily see the difficulty of giving any satisfactory definition of it; but when you come to the practical question whether any particular object was wealth or not, one would have thought that the instincts of humanity would have enabled them to answer the question at once. History shows that erroneous conceptions of wealth have led to the adoption of policies which in different nations have been most disastrous in their results. The mercantile system which Mr. Macleod has referred to is one case in point, and I suppose is almost as remarkable an illustration as the history of the past can afford. In his last page Mr. Macleod speaks as if he thinks the old problems of political economy are now somewhat out of date. He says:—

“And scientific truth compels me to say that former systems are now exhausted, and inapplicable to the great economic problems of the present day—credit, banking, and the foreign exchanges.”

We are not likely in this room to undervalue the importance of these three great subjects. Nevertheless, when we look around the world, we still see the doctrines of protection rampant in places where we should have expected better things (for not only in the more backward States do we see protection, but in America, France, and even in our own colonies), not only depriving those countries of the wealth that would accrue to them, but ourselves of the many advantages we might enjoy, if statesmen elsewhere had grasped those great truths which in the City of London we have taken very much to heart.

Perhaps some of the expressions Mr. Macleod has used are a little misleading. For instance, he said, “What are the funds? They are mere abstract rights to demand a sum of money from the State at certain intervals. So shares in a commercial company,” and so on. But what constitutes the value is, I think, not so much the abstract right to demand payment, but the prospect that you will get payment when you demand it. I do not know that the holder of Consols has any greater abstract right than the holder of Turkish securities; but the value of the right depends on the payment of the money. So in the case of some of our commercial companies

—their shares constitute an equal amount of abstract right, but, practically, there is a great difference in the value to the holders of those shares. When Mr. Macleod says, "Suppose you have a right to demand a sum of money from some person at some fixed time, you can sell that right of action to anyone else; and if it be written down on paper, the person who buys it from you can sell it again to anyone else, and so it may be sold and exchanged, and effect exchanges, exactly like a piece of money," &c. That is, no doubt, perfectly true, but, at the same time, supposing we apply it in practice, and supposing Mr. Macleod was disposed to give me a right to demand £100 from him this day three months, I should no doubt be £100 richer, but then, on the other hand, he would, I am sorry to say, be a poorer man by that amount; therefore, the mere creation of an abstract right to demand a sum of money is only a transference; and to me it seems misleading to call it wealth, because it is not the creation of wealth, but only the transference of wealth from one person to another. Of course, no one here will be misled by such terminology; but I think it might mislead others who do not go to the root of the matter, and we know that confusion of nomenclature has led to very serious consequences in the past. But I am sure we all heartily thank Mr. Macleod for his paper, and particularly for his concluding remarks. We do hope that in this Institute we shall not only develop a knowledge of economical science, but that we shall give the younger members of our profession better opportunities than we had ourselves for making themselves acquainted with the principles of banking, and that we shall do our best here in England to maintain the proud pre-eminence which we now enjoy in a profession, which, I think, we may even boast that we have created.

Mr. WILLIAM WESTGARTH: It is a great pleasure to me to have the opportunity of hearing Mr. Macleod, because we may look upon him as in advance of the old economists. A few years ago I was much interested in an inquiry as to how far modern economics were in accord with the facts of business life, and I came across a most suggestive article, by Mr. Macleod, in the *Contemporary Review*, of May, 1875. Mr. Macleod is opposed to most of the economists upon two leading points, and one of them is the definition of wealth. I think all merchants and bankers will agree with Mr. Macleod, that wealth is that only which has a market or exchange value. The Chairman's remarks have gone in that direction; but it is surprising to think how very reluctantly that view is taken by economists generally. For instance, Professor Bonamy Price asserts, and I have repeatedly argued the point with him, that the sun's light, the atmosphere, the genial rain, are as much wealth as ploughs, horses, manures, money, or anything else. Each and all are, no doubt, alike needed for the crop. But that is not the question. The question is, what is the ordinary meaning of the term



"wealth"? Therefore, I agree with Mr. Macleod's definition, that wealth is anything that can be bought or sold for money or any other marketable value. Again, Mr. Macleod contends, in opposition once more to most economists, that wealth does not consist solely of material substances, but does also include what he calls a credit quantity. Now, the meaning of that is, that one kind of wealth is the created or produced things themselves; and that another kind of wealth is an engagement to produce those things. Consols, for instance, are an engagement on the part of the nation to produce the interest on the bonds, or the interest and such of the principal as the Government are able or willing to pay off. We are all, of course, familiar with what material wealth is; but, if economics are to keep alongside of fact, there is non-material wealth also, and Consols are an example, as are also goodwill values, and various life insurance and other engagements of time. Where I do not agree with Mr. Macleod is in the over extension which he gives to this non-material wealth. He is not, indeed, alone in this overinflated view, for other distinguished economists, like Professor Perry, of the United States, take the same view. Mr. Macleod holds, for instance, that all business paper, except that only which specially attaches its value, such as any ordinary receipt for an article to be returned, or a bill of lading, or a mortgage, is a separate, distinct, and independent quantity, and an addition to the wealth of the world; and that involves the position for such paper that all of it stands for an engagement to produce the amount recorded upon it. But I differ totally from Mr. Macleod when he says, for example, that all bank notes and cheques, and commercial bills, apart from the material values exchanged for them, are separate and distinct quantities of wealth. As Professor Bonamy Price sarcastically said, the nation would only have to rush into debt by giving bills to one another to double its wealth, if that doctrine held good. Certainly, the theory is open to that objection. You are all familiar with the principle of the clearing-house, and I fear that it would make sad havoc in exposing Mr. Macleod's paper wealth. I hardly fancy that more than a fraction of his estimate of six thousand millions of credit quantity in this country is really such. What, for instance, is the position or condition of a commercial bill? No doubt, the goods given in exchange for the acceptance may be passed away at once, and never come back to the acceptor; but this is only by way of exchange for other goods or for money. What is done is not to dissipate the "value received," but to exchange value for value, until at maturity this value meets the bill. The acceptor's profit is from the turnover of the exchanges. That shows me that the bill's amount is not an independent quantity to be earned during its currency. In the same way, neither is a cheque such a value. It is simply an order on a bank for wealth or value now in existence; and a bank note is in the like position,

the note not standing for a second quantity besides the sovereigns or other value exchanged for it. Mr. Macleod's opponents regard his credit quantity as only debit and credit respectively, and not positive wealth to the world. No doubt, that is one aspect of the case, and if men or their qualities be economically counted, that view must be taken. But economists equally depart from actual fact and life by, on the one hand, counting man as an item of wealth, and, on the other, rejecting the credit quantity.

Dr. BITHELL said that in the main all must agree with Mr. Macleod, but there were some points he should dissent from if time allowed. The value of a thing was generally considered to be dependent primarily on human desire, but also on the labour and pains of producing it; and both those things were difficult of measurement, as also were many of the things relating to the science of economics. They must, therefore, not delude themselves with the belief that they were going to arrive at the same exactness in this science as in the physical sciences. Dr. Bithell then urged the study of the science of economics upon the younger members of the association; but not, as he explained, by dry lectures, which would fail to maintain their interest, but by the more life-giving method of discussion and questioning.

Mr. J. D. BASTABLE, who had some years ago attended a series of lectures by Mr. Macleod, and had been struck by the many points of difference between him and the older economists, drew attention to the contradictions which appeared in their definitions. Illustrating this, he said, Mr. Macleod gives his definition of wealth on the first page of his book as "anything that is exchangeable." Adam Smith calls wealth the produce of land and labour, and, subsequently, includes the acquired capacities of men, whilst Mr. John Stuart Mill begins his book by saying that the term "wealth" is so well understood that there is no necessity to define it. Mr. Bastable then urged the desirability for a more definite understanding on such points than exists at present.

The PRESIDENT: I should like to make a remark with reference to an observation of Mr. Westgarth's as to bills of exchange in circulation. He said, if they were cleared there would be found little basis for them. I have heard that remark made elsewhere, but I think it only justice to English traders to say that whilst some of the new bills that come into existence may no doubt be renewals to a certain extent, I believe the great mass of the bills in circulation represent genuine business transactions. As regards bank notes, it appears to me that the basis of the bank note is the gold in the Bank of England.

Mr. MACLEOD, in reply, observed that the discussion had gone beyond the limit of the paper. He had not dealt with the modern development of the science, but hoped to do so in another paper. He did not differ from other economists, but it was the other econo-

mists whose definitions were utterly contradictory in the self-same work. In some parts he entirely agreed with Adam Smith and others, but he did not agree where they contradicted themselves. The ancients began with a clear definition that wealth was anything that could be bought or sold. They included all material things; and then they went on to say labour was a commodity of wealth, which all economists admitted. The English law included in the term wealth not only goods and chattels but abstract rights. The goodwill of a bank, for instance, could be sold. It could not be handled; but it could be sold for so much money, and therefore it was wealth. But he repeated that the discussion had gone beyond the limits of the paper, for as yet he had only laid down a foundation which he meant to follow up on another occasion. The author concluded by showing some of the points on which Adam Smith, John Stuart Mill, and others had contradicted themselves, and again repeated that he differed from them only in regard to these contradictions.

The cordial thanks of the Institute were voted to Mr. Macleod for his paper.

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### THE LATE MR. ERNEST SEYD.

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It seems but fitting to record in this Journal the loss which has been sustained by the death, at Paris, on the 1st May, of Mr. Ernest Seyd. As a Fellow and an earnest supporter of the Bankers' Institute, many members will have had some acquaintance with his great powers of mind and his marvellous industry and energy. Many of his opinions have been hotly contested, but his works shew the fulness of his knowledge on the subjects with which he dealt. The detailed information with which these works abound is so accurate as almost to be regarded as authoritative, whilst the frequent quotation of his estimates and calculations by men of all parties, proves how universally they are accepted. Those who knew Mr. Seyd personally will remember his unfailing courtesy and his readiness at all times to impart the information he had accumulated.

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## FUNDED DEBT OF THE UNITED KINGDOM.

THE price of the English Government Funds has recently reached a higher level than it has ever before attained, and, in consequence, much more than the ordinary amount of attention has been attracted to the position and prospects of the holders of these securities. It would seem, moreover, that precise information on the subject which is to be found in Acts of Parliament and official returns is not readily accessible in a concise form to ordinary business men. In these circumstances the following particulars of the amount and terms of redemption of the various Government Stocks and Annuities may probably be useful.

The Funded Debt of the United Kingdom on the 31st March, 1880, the date of the last published Finance Accounts, was as follows:—

## CAPITAL.

Consolidated 3 per Cent. Annuities, England	..	£390,896,871	
Ireland	..	4,923,990	
			£395,820,861
Reduced 3 per Cent. Annuities, England	..	92,325,310	
Ireland	..	136,675	
			92,461,985
New 3 per Cent. Annuities, England	..	178,026,578	
Ireland	..	26,126,815	
			204,153,393
£2. 10s. per Cent. Annuities, England	..	3,747,875	
Ireland	..	2,330	
			3,750,205
Exchequer Bonds (per Act. 16 Vict. c. 23), £2. 10s. per cent.	..		418,300
New £3. 10s. per Cent. Annuities, England	..		225,746
			696,830,490
Debt to Bank of England (3 per cent.)	..		11,015,100
Debt to Bank of Ireland (do.)	..		2,630,769
			£710,476,359

## TERMINABLE ANNUITIES.

Annuities per Act 18 Vict. c. 18, expiring 5 April, 1885	..	£116,000	0	0
„ 23 & 24 Vict. c. 109, &c., expiring 5 April 1885	..	589,722	0	0
„ 26 Vict. c. 14, expiring 5 April, 1885	..	9,983	7	3
„ 29 Vict. c. 5 & 32 & 33 Vict 59, expiring at various dates in 1885	..	3,617,845	0	0
„ 35 & 36 Vict. c. 68 do. do.	..	378,831	0	0
Expiring 1885	..	£4,712,381	7	3

Terminable Annuities brought forward ..	£4,712,381	7	3
Red Sea and India Telegraph Company's Annuity, expiring 4 Aug., 1908 ..	36,000	0	0
Sinking Fund Annuity on £2. 10s. per Cents. (33 & 34 Vict. c. 71, sec. 69) ..	6,906	14	7
Annuities for Terms of Years per Act 10 Geo. 4 c. 24, &c. ..	29,107	12	6
Life Annuities do. do. ..	946,549	2	8
Exchequer Tontine Annuities, per Act 29 Geo. 3. c. 41 ..	14,000	0	0
Total of Terminable Annuities ..	£5,744,944	17	0

The general management of the Funded Debt is controlled by the National Debt Act, 1870 (33 and 34 Vict., ch. 71), which consolidated and amended the various Acts previously in force.

Under the provisions of the first Schedule of this Act, the CONSOLIDATED £3 PER CENT. ANNUITIES and the REDUCED £3 PER CENT. ANNUITIES respectively are redeemable at any time after the passing of the Act on one year's notice printed in the *London Gazette*, and affixed on the Royal Exchange in London, and on repayment by Parliament according to such notice of the several sums, or any part thereof, for which the said several annuities, or either of them, are or is payable by payments of not less than £500,000 at one time, in manner directed by any Act to be passed, and also on full payment of all arrears of the same annuities. Any vote or resolution of the House of Commons signified by the Speaker in writing, inserted in the *London Gazette* and affixed on the Royal Exchange in London shall be deemed a sufficient notice. The NEW 3 PER CENT. ANNUITIES are redeemable at any time; and the NEW £3. 10s PER CENT. ANNUITIES and the £2. 10s. PER CENT. ANNUITIES at any time after the 5th January, 1894, and these three last-named stocks are not subject to the regulation as to notices, &c., that is applicable to Consolidated £3 per Cent. and Reduced £3 per Cent. Annuities. In the case of all the above stocks the redemption is at the option of the Government, and cannot be claimed by the stockholder.

## QUESTIONS ON POINTS OF PRACTICAL INTEREST.

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THE COUNCIL desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which after careful deliberation the Council have approved :—

There being considerable difference of opinion as regards Question IV., answered in the 304th page of the *Journal* for May last, namely—

“A. B., C. D., and E. F. are trustees under the will of Y. Z., deceased. They open a banking account, ‘The Trustees of the late Y. Z.’

A. B. }  
C. D. } Trustees.  
E. F. }

Can these three trustees jointly give the banker sufficient authority to enable him to honour cheques signed by A. B. and C. D. only?”

To which question the following answer was given :—

“It is not customary for bankers to open accounts as described, viz., ‘The Trustees of the late Y. Z.’; but, in the event of such an account being opened, the bank would be bound to attend to the terms of the trust-deed. Should the deed contain no stipulation to the contrary, the banker would be justified in taking the joint instructions of the three trustees to honour the drafts of any two of them.”

The Council have thought it desirable to obtain a legal opinion on the point, which is now subjoined.

### OPINION.

We are of opinion that the banker, by opening the account in the form stated in the question, admits notice of a trust, and cannot safely act upon an authority which he knows to be in excess of the trustees’ powers.

We think an authority such as that supposed is in excess of the trustees’ powers, because its effect might be to place the whole fund under the absolute control of two only of the trustees.

Although a banker is not liable for the defaults of his customers who are trustees, where they purport to be acting within their legal powers, we think that if he chooses to act upon the signature of two trustees only, where it is the duty of all three to join in receiving and applying the trust money, he runs the risk of liability in case of any misapplication of the trust money by the two trustees.

**NOTE.**—It will be observed that this opinion is in strict accordance with the first paragraph of the answer to the above-mentioned Question, which defines the ordinary practice of a banker, but does not support the opinion given in the second clause.

**QUESTION I.**—Would a cheque treated in the following manner be considered "crossed," within the meaning of the Act?

Not exceeding £100.

Would these lines constitute a crossing, or would the lines be considered as merely an accidental accompaniment of the words?

**ANSWER:** It would be safer to treat a cheque crossed in the manner and position indicated, as if it were crossed within the meaning of the Act.

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**QUESTION II.**—Mr. Macleod, in his "Theory and Practice of Banking," page 496, section 55, 3, says, "Since the Supreme Court of Judicature Act, which enacts that the rules of Equity shall prevail over those of Common Law, a deposit receipt is as transferable as a bank-note or a cheque."

It is the custom of some banks to mark their deposit receipts "Not transferable," and only to pay them to the depositors themselves.

How would the law bear on this custom? Could a banker lawfully refuse payment of a deposit receipt presented by a stranger, the receipt being regularly endorsed by the depositor?

**ANSWER:** A banker may legally refuse payment of a deposit receipt endorsed by the depositor and presented by a stranger if it bears the words "not transferable," or an equivalent term, seeing that the banker thereby lays down the terms upon which he consents to receive the money.

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**QUESTION III.**—Does any responsibility attach to a banker who, in returning a cheque unpaid, marked with one of the usual answers—"Not provided for," "Refer to drawer," &c.—at the same time requests the bank to whom it is returned to "please present again," and expresses an opinion that the cheque will be paid on re-presentation? Is the banker bound to honour the cheque when it is re-presented (within a reasonable time, say return of post), if no funds have in the meantime come into the account? or, secondly, if sufficient funds have been passed to credit, but afterwards paid away to meet other cheques, &c.?

**ANSWER:** The banker would not incur any responsibility in connection with such an answer to a cheque as that indicated, and would not be bound to honour it on re-presentation unless in funds to do so when so re-presented.

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**QUESTION IV.**—May a banker in country towns, where there is no notary, retain bills sent for collection for one day after due date before returning them to their correspondents, as is done by London banks in the case of unpaid bills which are noted?

**ANSWER:** It is quite usual, and legally correct, for bankers to retain bills in their hands that have been remitted to them for collection until the day after maturity, whether noted or not.

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**QUESTION V.**—Is a banker justified in applying to a mutilated bill of exchange the same rule as to a mutilated cheque, and refusing payment in consequence of its having been completely divided into two or more parts; and would the question be affected by the fact of the bill being overdue?

After how long a period should an overdue bill be regarded as "out of date" for payment by a banker, upon presentation in the ordinary course?

**ANSWER:** It is the custom to pay bills of exchange, which have been divided for safe transmission and re-united, without question;



but in case of mutilation, such as might show an intention to cancel, a reference would be made to the acceptor.

It is difficult to state definitely the time after which an overdue bill would be considered "out of date" under the circumstances mentioned.

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QUESTION VI.—A. B. has a balance on his account. His wife produces to the banker two doctors' certificates of her husband's insanity, and requests him to detain the balance. A. B. remains at large, and no steps are taken to vest the balance in a trustee. Three weeks after the date of certificates, husband and wife join in requesting that the balance may be paid to his order.

(a.) Would the banker be justified in so paying?

(b.) Are certificates of lunacy cancelled by lapse of time? If so how long?

ANSWER: (a.) We think the production to the banker of the doctor's certificates is notice to him, which he cannot safely disregard, that his customer is in a state of mind incapacitating him from signing cheques or making contracts.

If after such a notice the banker should honour his customer's cheques and it should prove that the customer was insane when he signed them, the banker would not, as we think, obtain a valid discharge except for payments which he could prove to have been made for actual necessities or for the manifest benefit of the lunatic.

We do not quite understand the question as it is put to us. If it be meant that the husband and wife join in requesting that the banker will thenceforward honour his customer's cheques as if the doctor's certificates had never been given, our answer must be that we think the banker would not be justified in so doing, without satisfying himself that his customer was no longer under incapacity.

(b.) Certificates of lunacy are not cancelled by lapse of time. In any business transaction with a person who has once been lunatic, his actual state of mind at the time of the transaction taking place must be a material question for consideration.

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QUESTION VII.—If a banker debits his customer with a returned bill, which bears the signatures of several endorsers, who have been duly notified of dishonour, does he *ipso facto* release, as far as he is concerned, all the parties to the instrument, and does his client acquire the right to demand the bill for the purpose of legal procedure against his prior endorser?

ANSWER: The banker, by debiting his customer for a dishonoured

bill, does not thereby release previous endorers from their liability ; but their liability is transferred to the customer, who should at once be placed in possession of the document, which has then become his property.

If the customer have no funds in the hands of the banker, the unpaid bill should not be debited to his account.

QUESTION VIII.—A current account is opened in the names of "Samuel and John Smith," both partners to sign "Samuel and John Smith," and cheques are so signed and paid ; but, after a time, the banker has a cheque presented to him for payment, signed,

"Pro Samuel and John Smith.

Samuel Smith."

If the banker is satisfied that the signature is that of Samuel Smith, the partner, ought he to pay the cheque ?

ANSWER : It is difficult to see what risk a banker would incur by paying a cheque under the circumstances named.

QUESTION IX.—Many public companies make their dividend warrants payable to the *order* of their shareholders, who sign their names after "Signature of Shareholder," at the foot of the document. Such warrants are in many cases crossed "& Co." Is such a practice legal ? and, if this signature is a forgery, is the bank on which a draft is so drawn protected under the Act 16 and 17 Vic., cap. 59, sec. 19 ?

ANSWER : The Act, 16 and 17 Vic., c. 59, s. 19, protects the banker in the case of every "draft or order drawn upon him for a sum of money payable to order on demand, which shall, when presented for payment, purport to be *endorsed* by the person to whom the same shall be drawn payable."

Assuming the dividend warrant to take the form of a draft or order, payable to order on demand, the banker will be protected if it is "endorsed" within the meaning of the Act.

The law with regard to endorsement on bills of exchange and promissory notes is thus stated by Chitty :—

"Although the very term endorsement seems to purport a writing on the back of the bill or note itself, yet it is clearly established that it may be made on the face of the bill."

The plain object of the section was to protect the banker where the draft or order appears to have passed through the hands of

the drawee, and to bear his signature. We think the courts would not consider themselves bound by the literal meaning of the word "endorsed," but would attribute to it the same meaning as it has already been decided to bear in the case of bills of exchange and promissory notes, and, consequently, that the banker would be protected in the case supposed.

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**QUESTION X.**—A. and B., bankers, receive for collection from C. and D., bankers, a bill accepted payable at their bank by E. F. Must A. and B. accept the amount, if tendered by E. F. or any other person, or are they justified, if they prefer, in refusing it, and returning the bill unpaid to C. and D.?

**ANSWER :** London bankers invariably refuse to retire bills domiciled with them by parties who are not customers either of themselves or of country banks for whom they act as London agents, and they consequently decline to accept money from the acceptors of such bills for the purpose of meeting them when due, and would, in the case referred to, return the bill unpaid.

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**QUESTION XI.**—Are Poor Law Unions exempt from stamp duty on cheques issued by them? and, if so, under what Act?

**ANSWER :** It is believed that such cheques are exempt from stamp duty under the Poor Law Act, 4 and 5 Wm. IV. cap. 76.

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## POSTAGE AND RECEIPT STAMPS.

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It is announced by the Postmaster-General that in future the ordinary adhesive penny receipt stamp may be used as a penny postage stamp, and the adhesive penny postage stamp may be used as an ordinary penny receipt stamp.

It is to be understood that for purposes of postage the receipt stamps, in common with postage stamps, must have no printing or writing placed on their face by the public.

## POSTAL ORDERS.

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REFERRING to the Memorial on this subject, prepared by the Institute of Bankers, the full text of which was given in the *Journal of the Institute* for April last, the following letter has been received from the Postmaster-General in reply thereto.

It will be observed that Mr. Fawcett is now prepared to authorise the payment of Postal Orders, on *presentation*, to those bankers who undertake to *earmark, or record the particulars* of each Order handed in by them to the Post Office in such a manner as to enable them to furnish that Department with the name and address of their customer on whose account they have received payment of any *informal order*.

GENERAL POST OFFICE, LONDON,

29th April, 1881.

SIR,—The Postmaster-General has had before him the Memorial from the Bankers in the United Kingdom, which you forwarded in your letter of the 24th ultimo, praying that the restriction in the payment of Postal Orders presented through a bank may be removed, and that bankers may be placed on the same footing in regard to payment as the general public, who present the Orders directly to the Post-Office for encashment.

Mr. Fawcett desires me to state in reply that he has given the question his attentive consideration, with every desire to meet, as far as the circumstances may justify him, the wishes of the memorialists, and that he is prepared to modify the existing arrangement so as to allow of payment of Postal Orders presented through a bank being made on presentation, provided that bankers will undertake to earmark or record the particulars of each Order handed in by them to the Post Office, and to furnish the Department with the name and address of their principal on whose account they may have received payment of any informal Order.

Mr. Fawcett will be glad to learn whether the bankers will meet the Department thus far in the proposed modification of the existing arrangement.—I am, Sir, your obedient Servant,

ALGERNON TURNOR.

To the Secretary, the Institute of Bankers.

## THE MONETARY CONFERENCE.

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The International Monetary Conference which has assembled at the invitation of France and the United States met in Paris on the 19th April, and, in the absence of a detailed official report, the following outline of the proceedings and opinions of some of the delegates has been taken from such accounts of the meetings as have appeared from time to time. It is, however, to be hoped, that a complete report will be circulated before the re-assembling of the Conference on the 30th June.

The delegates included representatives from the following countries :—Austria-Hungary, Belgium, Canada, Denmark, England, France, Germany, Greece, Holland, Italy, India, Portugal, Russia, Spain, Sweden-Norway, Switzerland, United States.

It may be desirable at the outset to state the instructions which were given to the English and the Indian delegates. In reply to questions which had been addressed to him on this subject, the Marquis of Hartington stated in the House of Commons, that as the interests of India and of the United Kingdom with regard to the silver question did not appear to be identical, it seemed fitting that they should be separately represented at Paris, and that independent instructions should be given to the delegates. The instructions to the British delegate, The Hon. C. W. Freemantle, the Deputy Master of the Royal Mint, were to attend the meeting of the Conference solely in order to be a medium of communication, and to afford information which the Conference might require, but with no power of voting.

The substance of the instructions given to the Indian delegates, Sir Louis Mallet and Lord Reay is as follows :—“You will explain that in sending delegates to the conference the Government of India must not be held to commit itself to the adoption of the principle of the bi-metallic system in India, and that you are not authorised, without further instructions, to vote on any question raised at the Conference. You will, however, add that while the Secretary of State in Council is unwilling to encourage an expectation of any material change at present in the monetary policy of India, he would be very ready to consider any measure which may be suggested for adoption in India as being calculated to promote the re-establishment of the value of silver. It is desirable that you should, as far as possible, avoid giving any pledge on the part of the Government of India which would in any manner interfere with its future liberty of action ; but in the event of your being pressed

on the subject, or your seeing reason to think it desirable that such a declaration should be made, you are authorised to agree, on the part of the Government of India, that for some definite term of years, not exceeding ten, it will undertake not to depart in any direction calculated to lower the value of silver from the existing practice of coining silver freely in the Indian mints as legal tender throughout the Indian dominions of her Majesty. Such a declaration must, however, be conditional on the acceptance by a number of the principal States of an agreement binding them in some manner or other to open their mints for a similar term to the coinage of silver as full legal tender in the proportion of  $15\frac{1}{2}$  of silver to one of gold, and the engagement on the part of India would be obligatory only so long as that agreement remained in force."

At the opening meeting of the Conference, at which M. Magnin presided, he promised that all proposals should receive a fair discussion, and whilst admitting that some of the Powers had made certain reservations in sending delegates, he acknowledged their right to do so.

A Committee was then appointed to consider the forms of questions to be discussed, and on the 3rd May the following programme, submitted by M. Vrolik (Holland),\* was adopted :

1. Have the diminution and great oscillations in the value of silver which have occurred, especially of late years, been injurious to commerce, and consequently to the general prosperity? Is it desirable for the ratio of value between the two metals to have a great fixity?

2. Are the phenomena indicated in the first part of the foregoing question to be attributed to the increase in the production of silver, or to legislative measures?

3. Is it probable or not that if a large group of States accords the free and unlimited coinage of legal pieces of both metals, having full paying power in a uniform proportion for the gold and silver contained in the monetary unit of each metal, a stability, if not absolute, at least very substantial, will be obtained in the relative value of those metals?

4. In case of an affirmative reply to the preceding question, what measures should be taken for reducing to a *minimum* the oscillations in the ratio of value between the two metals? For instance, would it be desirable to impose on chartered banks of issue the obligation of always accepting at a fixed price the ingots of gold and silver offered them by the public? Could the public be insured the same privilege in countries where there is no chartered bank of issue? Should mintage be gratuitous, or at least uniform, in all countries for the two metals? Should there

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\* The programmes proposed by two other delegates will be found in an Appendix, p. 378.

be an understanding to leave free from all obstruction the international commerce in the precious metals?

5. In adopting bi-metallism, what should be the ratio between the weight of pure gold and silver contained in the monetary units?

On the 5th May, at the first meeting of the Conference after the programme had been presented, Baron Thielmann, on behalf of the German Government, made the following explanation of its views. After justifying the adoption of the gold standard by Germany, on the ground that other States would otherwise have seen their sales of silver and adoption of gold mono-metallism facilitated, he stated that 1,747 millions of marks had been coined in gold, and 1,080 million marks of old silver coin demonetized, the cost of the operation being 14 million marks. According to the highest estimate, about 500 million marks in old thalers, including Austrian ones, still remained.

Baron Thielmann proceeded :—

"We admit unreservedly that a rehabilitation of silver is to be desired, and that it might be realised by the establishment of the free coinage of silver in a certain number of the most populous States represented in this Conference, which, with that view would adopt as a basis a fixed ratio between gold and silver. Nevertheless, Germany, whose monetary reform is so far advanced, and whose general monetary situation does not seem to demand so radical a change of system, does not see that it is possible to consent, so far as she is concerned, to the free coinage of silver. Her delegates cannot therefore subscribe to such a proposal.

The Imperial Government is, however, quite disposed to second, as far as it is able, the efforts of other Powers which might be disposed to unite to bring about a rehabilitation of silver by means of the free coinage of that metal. For that purpose, and to guarantee those Powers against the influx of German silver, which they appear to apprehend, the Imperial Government would impose on itself the following restrictions :—

During a period of some years it would abstain from all sales of silver, and during another period of a certain duration it would engage to sell annually only a limited quantity, so small that the general market would not be encumbered by it. The duration of those periods, and the quantity of silver to be sold annually during the second, would form the subject of subsequent negotiations.

Such an arrangement would secure the mints of the bi-metallic States from the unlimited influx of German thalers belonging to the State. Private individuals, or the Bank of the Empire (which is a private bank under the special control of the Government), could not, on the other hand, pour thalers into the mints of the

bi-metallic union, unless the commercial balance was unfavourable to Germany, or the ratio of  $15\frac{1}{2}$  established by the bi-metallic union became sensibly modified in favour of silver. This latter eventuality appears, however, scarcely probable. In all other cases the exportation of thalers would entail a loss on the exporters, and the countries of the bi-metallic union have, therefore, no need to fear an invasion of their mints by German silver. Such operations might, besides, be rendered more onerous by excluding thalers in coin from free coinage in the bi-metallic union. Such a measure would add to the other costs borne by operators, that of melting and refining the thalers. If an arrangement were made on those bases, Germany would remain free to sell silver within the limits imposed on her, or not to sell it. But she might, in order to narrow those limits, make other concessions. She might extend the use of silver in her circulation by making the use of it more general. To that end the German Government would engage eventually to withdraw her gold five mark pieces, of which there are  $27\frac{1}{2}$  millions of marks, and her treasury notes of the same value, of which there are 40 millions. It might also melt and re-coin its silver pieces of five marks and two marks, of which there are 71 millions and 101 millions respectively, at a ratio of about  $15\frac{1}{2}$ , whilst, according to the present legislation, 100 marks are obtained from one pound of pure silver, which is equal to a ratio of about 1 to 14."

Mr. Freemantle stated the views of the English Government. He said that she could not abandon a system which had worked for 60 years without the inconsistency attendant on other systems; but, while not taking part in any vote, he was ready to offer any information, and should watch the debates with lively interest.

Lord Reay, for the Indian Council, entertained no hope of a radical change of circumstances, but expressed a readiness to consider any suggestions for restoring the value of silver.

Sir A. Galt, for Canada, and the delegates of Portugal, Russia, Greece, Austria, Sweden, Norway, and Switzerland, reserved their entire freedom of action.

At a later period Baron Thielmann and M. Shraut, the German delegates, gave further expression of their opinion as to the possible arrangement on the silver question:—"The depreciation of silver is fraught, in a greater or less degree, with economic disadvantages for all peoples. Even those States which possess the gold standard, and have no immediate desire to abandon it, have a serious interest in the rehabilitation, or at least in the fixation of the value of silver, if only because, were other States to adopt the gold standard, this would lead to grave economic crises even for gold standard



countries. The International Monetary Conference should endeavour to attain practical results, and should not confine itself to academical discussions, however valuable they may be. The German declaration was a step towards a practical understanding. In our opinion, America, France, Italy, and the Netherlands, which are decidedly favourable to bi-metallism, should now come to an understanding with each other as to whether, even without England and Germany, they will have unlimited coinage of silver on the basis of the ratio of 1 to 15½. In this case they may certainly ask for sufficient guarantees from the other States, with a view to their according a larger place in their circulation to silver, and securing the States of the Monetary Union from an inundation of their silver. Germany has already signified her concessions in this direction, and on this basis will gladly enter into the details in further negotiations. England, also, might make concessions, in so far as she might recoin her silver in a better ratio, and render it with a corresponding extension of the circulation legal tender to the amount of £5. In any case India should give guarantees that the International Monetary Union should not, by its gold flowing into India, be flooded with Indian silver. Further arrangements would have to be made by the Monetary Union with Austria-Hungary as to its silver, and with Belgium and Switzerland, who apparently are not very favourable to bi-metallism. In order, however, to obtain for silver a lasting extension of employment, it would in general be desirable that all States should bind themselves to coin no gold of less value than 10 francs or 10 marks, issue no paper money below this amount, and coin no silver pieces above 2 francs or 2 marks at any ratio, but one approaching that of 1 to 15½. Hereby a practical basis might be attained, so far as this is possible in view of the present interests of the different States."

On the 17th May Sir Louis Mallet stated the views of the Indian Government as follows\* :—It would engage, he said, not to change the system of free mintage of silver during a period to be settled by ulterior negotiations, provided a certain number of the principal States undertook to maintain such free mintage for the same period at the ratio of 15½. He claimed for India that she had done more than any other country to prevent an aggravation of the depreciation of silver; for the Calcutta and Bombay mints coined silver in 1879, the date of the last return, to the amount of seven millions. India, moreover, was in no way responsible for the depreciation, but had been a victim of the action of others, so

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\* It is right, however, to notice that Sir L. Mallet has since stated that this account which appeared in the newspapers did not accurately represent him. This only shows the need of an official report of the proceedings.

that she had not only a right to offer to co-operate in efforts for maintaining the value of silver, but had, in a certain sense, a right to call for such efforts. Reviewing the Monetary Conferences of 1869 and 1878, Sir Louis remarked that the latter, while reversing the decision of the former against silver, left it to the discretion of each State to use either metal or both; but a better solution was required. The loss by exchange of the Indian Treasury last year was estimated at two millions; the greater part of the remittances to England was obligatory and permanent, and an increase of the revenue was difficult, the land tax being assessed in perpetuity in Bengal, and for terms of years elsewhere. He dwelt on the inconvenience to commerce of an uncertainty in the value of the rupee, and urged that a stable international money was imperatively required, and insisted that if law was entitled to impose a single metal as money, it had an equal right to impose two metals at a fixed ratio. The impossibility of England joining in the scheme should not be considered fatal to its success, while the failure of the Conference might involve, not the maintenance of the *status quo*, but the extension of the gold standard. If the fall of silver continued, India, on the discovery of fresh gold mines, or some other opportunity, might reluctantly enter into the struggle for the possession of the only metal having a firm international basis.

The difficulties on the side of England and Germany must have been foreseen, and he exhorted France and America not to be thereby deterred from persevering in an effort, which, like all great reforms, might require time, patience, courage, and faith.

Lord Reay, also representing India, protested against the idea that with England everything was possible, and without her nothing, and he exhorted those States who were inclined to bi-metallism to expect the conversion of England, not from argument, but from successful example. The British delegates would share in the future labours of the Conference, animated by a sincere desire for an eventual understanding, which, if not satisfying theorists, would be worthy of statesmen.

On the 19th May the following resolution was unanimously agreed to by the Conference :—

“The Conference, having heard a general discussion, and having considered the monetary situation from the international standpoint, in view of the declarations which have been made on behalf of a certain number of Governments, considering that several delegates have evinced a desire for the temporary suspension of the sittings, in order to be able to refer to their Governments, and that the latter may be in a position to pronounce on the propositions which have been formulated within the Conference, and on the resolutions

taken for co-operating in the rehabilitation of silver, resolves that the sitting of the Conference be suspended from the 19th of May to the 30th of June next. The delegates will consequently re-assemble on the 30th of June, at two o'clock, at the Ministry of Foreign Affairs at Paris, without the necessity of a fresh convocation."

The representatives of Belgium, Russia, Switzerland, Norway and Sweden and Germany placed on record their understanding that the foregoing resolution did not in any way prejudice the question before the Conference.

On the suggestion of Sir Louis Mallet, the various Governments were requested to ascertain and communicate the opinions of the Banks of Issue.

The Conference was then adjourned until the 30th June.

The result of the proceedings of the Conference, so far as they can be gained from these partial extracts of their proceedings, which have alone as yet been made public, would appear to indicate that Germany will undertake to suspend its sales of silver for a certain period, and that India will agree to retain the silver standard for a similar period, in the event of France, the United States, and other countries, which may agree to become bi-metallic, engaging to make no alteration for the same period.

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## APPENDIX.

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The following programmes, which were submitted to the Committee, but not adopted, are interesting as emanating from two distinguished bi-metallists, representing France and the United States.

M. CERNUSCHI. (*France.*)

1. Money is a legal and mathematical value.
2. A legal value, for it is the legislator who fixes the material of which money shall be made and who gives it '*cours forcé*.'
3. A mathematical value, for the value of money is in inverse ratio to its mass—that is to say, the quantity of it in circulation.
4. Free coinage, without limit of quantity and *cours forcé*, without limit of amount, have the effect of constituting the whole of the metal, old or new, coined or uncoined, a single monetary mass.
5. Metallic money is of automatic issue; the limit of issue is fixed by nobody. Paper money is of Governmental issue; the limit of issue is fixed by the Government.
6. Paper money is merely national money. Metallic money may be international money.

7. In order for it to be international money there must be similarity of legislation between several States ; gold or silver must at least be their common money, with unlimited coinage and *course forcée*.

8. The value of money changes if a change occurs in the volume of the monetary mass.

9. If a change occurs in the value of a merchandise its price changes ; but the prices of all other merchandise and of all property remain unaltered. If a change occurs in the value of money all prices are changed.

10. Debts and credits, dividends, incomes, pensions, reversions, all contracts for the future transmission of capital, are fixed in money. If a change occurs in the value of money, all those who have to pay, or all those who have to receive, will be injured.

11. For the stability of prices and the security of time bargains the value of money ought to be stable.

12. There should be adopted as the monetary mass a mass which is the least possibly subject to diminishing in volume, and which is, on the contrary, capable of augmenting, for the augmentation is itself necessary to the stability of the value of money.

13. With silver and gold two masses are obtained, both of which are fitted to serve as a monetary mass. The silver mass is better than the gold mass. No other substance exists of which a good monetary mass can be made.

14. Coin, the mintage of which is not free, is only national money. If melted down, that coin becomes merchandise—a merchandise not worth nearly as much as the coin was.

15. The value which gold and silver might have as merchandise, if no legislation adopted them as monetary masses, is not a constituent element in the value of money.

16. Money is created for the purpose of measuring the relative value of all merchandise and property. The value of money is not measured ; is not valued.

17. Money is the material which serves to pay for all that is bought and sold. The material serving as payment is itself unpurchasable and unvendible. Silver is unpurchasable and unvendible in silver-monometallic countries ; gold in gold-monometallic countries."

Mr. S. DANA HORTON. (*United States.*)

1. "Does history tell of any development of civil society where there was no imposition and no payment of tribute and taxes, fines and damages ?

2. "Does not civilization imply the presence of money as a civil institution, an integral portion of the State, and that that which is legal tender in discharge of the obligations mentioned shall also be

an acceptable instrument of valuation on the part of State and individuals, a convenient medium of commercial exchange, and shall thus become an almost omnipresent element of private contracts?

3. "Has not the monetary law, which has created the entire use made of the precious metals likewise created nearly the whole of their value?"

4. "Where several commodities are elevated to the rank of money in different countries, either singly or jointly, at some ratio of equivalence fixed by national monetary law, does not the total monetary law of countries which use either or all of these commodities as money entirely control the relative employment for them, so that at any given time the rate of their equivalence with each other, whether as actual or potential money, is merely the result of the complex forces of the existing monetary law?"

5. "Is the principle of freedom of contract or of freedom of exchange opposed to the simultaneous employment of silver and gold money at a fixed ratio established by the law?"

6. "Waiving all questions of the methods of correctly ascertaining general averages of prices, is not stability of average purchasing power the chief *desideratum* in money?"

7. "Is not a general reduction of average prices accompanied by a prolonged and insidious crisis?"

8. "Has not each nation in the proportion of the activity of its people in production and exchange an equal interest in the stability of the average purchasing power (at home) of its money?"

9. "Did not the prohibition of silver coinage in England after 1798, at a time when a war demand for gold had compelled the use of paper money, increase the divergence between paper and gold, and insist in maintaining a situation which made the retention of paper money necessary?"

10. "Did not England's replacement of this paper money by gold alone (1815-1821), withdrawing from its accustomed channels of circulation a considerable portion of the world's stock of gold at a period when the annual product had been and remained notably deficient, and when the monetary condition of other countries rendered probable a general subsidence of prices, expose England and the western world to a considerable rise in the purchasing power of money?"

11. "Has not each nation, in the proportion of its relations with foreign nations, either through commerce or through international investments, an interest in the stability of the rate of equivalence between its own money and that of the nation with which it has dealings?"

"Reviewing the monetary policy of the century and a half before 1873, during which period the monetary law had upheld for silver

and gold that position of domestic and international money which they had enjoyed since the origin of civilization, but had omitted, by concurrent or identical legislation, to fix the ratio of equivalence between them more closely than is indicated by 14·50 to 16 as the limits of its fluctuation, it is asked whether this fluctuation would not have been materially less?

12. "Had England in 1717, or afterwards, conformed her silver and gold ratio to that of France?

13. "Had France in 1875 or 1803 adopted the ratio of 15 instead of that of 15·50?

14. "Had England abstained from outlaying silver as domestic money in 1798 or in 1816?

15. "Had the United States in 1834–1837 adopted the ratio of 15·50 or of 15·62?

16. "With reference to the same period, it may be asked whether, in addition to the instability inflicted upon international trade and international investment by the conflicting gold policy, it is not likewise chargeable with the time and labour and capital consumed in effecting exchanges of one kind of money with another, which arose directly from the fluctuations in this rate of equivalence?

17. "Has the convenience of mankind been served by making gold lighter and silver heavier—that is to say, by a series of legislative Acts which have altered the rate of divergence between them from 14·50 to 15·50?

18. "What portion of the total of monetary law is the efficient cause of the steadiness in the rate of equivalence between gold and silver throughout the period between 1803 and 1873?

19. "What would have been the influence upon this rate of equivalence had England and France demonetised gold after the gold discoveries (1849–1851)?

20. "Did not important reductions in the domestic average of prices occur throughout the western world in the years following 1873?

21. "Have not coincident changes in monetary law, reducing the supply of money in the western world by the withdrawal of legal tender power from existing silver coins, by excluding silver from coinage, and by checking the circulation of existing money, been a controlling factor in this reduction?

22. "Does not the existing state of business in Europe and America demand, as a condition to the maintenance of the present general average of prices, a considerable annual increase of the material used by them as money?

23. "Do not existing probabilities point to a diminished annual production of gold in the future?

24. "Does not the present general exclusion of silver from mintage in the western world, directing monetary demand upon a stock of gold scantily reinforced, promise, if continued, the silver connected

with a reduction of general averages of prices, or an excessive extension of the use of paper money and of transfers of title to money?

25. "What would be the effect if a single nation should now, by changing its present monetary laws, sensibly increase its stock of gold?"

26. "Can there be any other important causes for the abrupt divergence of the rate of equivalence between silver and gold in international trade, which has occurred since 1873, than the withdrawal from silver and transfer to gold of an important part of the normal monetary employment of Europe for silver?"

27. "Had Germany adopted the silver and gold standard at 15½ in 1871-1873, would not a higher degree of steadiness in the rate of equivalence of the two metals in the world's markets have been attained?"

28. "Would not the accession of England to a bi-metallic union of Continental States with the United States of America put the par of the metals throughout the world in condition to withstand undisturbed any change of mass through discovery of either metal of which history gives precedent?"

29. "Is it not desirable that there should be uniformity between the States represented in the Conference in the mint charge, or in the charge made in commutation of interest for the time consumed at the mint in converting bullion into money?"

## RECENT ESSAYS ON BI-METALLISM.

In the number of the *Journal* for January, 1880, p 227, a short analysis was given of some of the chief pamphlets on this subject, which had been published since the Conference held in Paris, in August, 1878. The renewed interest in the question has led to the publication of other essays lately, and it may be convenient to give a brief outline of some of these also.

*The Double Standard.* By HENRY H. GIBBS, *with an Introduction* by HENRY R. GRENFELL.\*

In the introduction, Mr. Grenfell states that the pamphlet has passed under his review, and may be said to express his own opinions as well as those of the writer.

Mr. Grenfell then proceeds to justify any apparent inconsistency in the opinions now put forward by Mr. Gibbs and those which he has previously expressed. Referring to the Report to which Mr. Gibbs affixed his name as a representative of the English Government at the Paris Conference in 1878, and quoting several passages from which it might be thought that Mr. Gibbs had now altered his mind, Mr. Grenfell points to the changed circumstances which sufficiently account for a modification of his views. Amongst other opinions, Mr. Gibbs and Mr. Goschen, in that Report, held, that "whilst a universal Double Standard was a utopian impossibility, a Single Gold Standard throughout the world would be a false utopia, and that further steps in that direction might tend to produce incalculable disasters to the commerce of the world." Both a Double Gold Standard and a Single Gold Standard throughout the world were there similarly styled "utopian." But Mr. Grenfell points out that the one which was declared to be a "false utopia," with "incalculable disasters" in its train, seems likely to come to pass if England should refuse to modify its arrangements in any way. Convinced that the system prevailing among nations prior to 1868, was upon the whole an excellent one, he cannot shut his eyes to the fact that the system which has been so satisfactory has ceased to exist, and that events have occurred outside the British Empire which lead to the necessity of electing between the two courses which

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\* Effingham Wilson, Royal Exchange.



were declared in 1878 to be utopian, namely, bi-metallism by agreement, or a general resort to a mono-metallic standard.

Mr. Gibbs, who, in his preface, states that the present pamphlet embodies the substance of a previous pamphlet, "Silver and Gold," published in 1879,\* passes in review the march of events since that date, which seem to show that the question is being gradually narrowed to a monetary struggle between America and Europe, with the advantage on the part of the United States, as being the great food suppliers of the world, of being able to enforce its views. Setting out shortly the advantages of bi-metallism:—(1) Uniformity. (2) Increased steadiness of prices of commodities, so far as they are affected by the quantity of the measure of value. (3) The providing a remedy, if not the only possible remedy, for the new state of things in Germany, Italy and America, wherein these wealthy nations are entering into competition for the limited stock of gold existing in the world—Mr. Gibbs proceeds to offer some explanations in regard to misunderstood points in his previous pamphlet, "Silver and Gold," and to combat various criticisms on the opinions expressed in it. He then states succinctly what it is that the advocates of the Double Standard desire, and examines *serialim* the objections, of which he enumerates nine, commonly made against the system so far as he has been able to gather them. These objections were more or less dealt with in the previous pamphlet, but it is needless to say they are stated here with perfect frankness; examined from many sides, and the answers to them, whether deemed satisfactory or not, conveyed most lucidly.

Mr. Gibbs then deals with the often quoted opinion of Lord Liverpool as to a Single Standard; and concludes by an urgent appeal to those who have the prosperity of English commerce at heart to consider well the evils which inaction will ensure, and the remedy proposed.

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*Essay and Letters on Bi-metallism.* By ROBERT BARCLAY.†

This pamphlet consists of a paper, which the author, a strong bi-metallist, read before a literary society at Buenos Ayres last year. In it are all the usual arguments put forward by those in favour of the system. His object, however, appears to have been to make a difficult subject plain to all capacities, and in this he has succeeded. Those who desire to know, without entering too deeply into the question, the case which bi-metallists put forward, and the arguments by which they support it, will find these stated with great simplicity and at the same time sufficient fulness.

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\* See the Institute's *Journal* of 1880, p. 229.

† John Heywood, Paternoster Buildings.

*Bi-metallism.* By PROFESSOR W. STANLEY JEVONS.\*

The question of bi-metallism is, says Professor Jevons, evidently an indeterminate problem. You have as factors only unknown quantities, depending upon the actions of peoples about whom we can only form surmises. It is further complicated by presenting a double problem—that regarding the next decade of years, and that regarding the more remote future. It resolves itself into what will or will not happen, if something else happens or does not happen. Still he thinks it possible to come to a practical conclusion. The very vagueness and uncertainty may lead to the conviction that it is best to do nothing at all. As Mr. Jevons quaintly puts it,—“A party of travellers lost in a fog will probably indulge in a great many speculations and arguments as to the possible paths and turnings they might take; but the wisest course may, nevertheless, be to stay where they are until the air becomes clear.”

He regards the question under its two aspects: first as a chronic one, extending over long periods of time; and, secondly, as a temporary matter. Under the first, or *chronic* aspect, Mr. Jevons insists upon the fact too much overlooked, that the values of gold and silver are ultimately governed, like those of other commodities, by the cost of production. Passing over the common argument, that there is not gold enough for the trade purposes of the world, as a matter which would only affect the interests of creditors and debtors while the change was in progress, he proceeds to show that the bi-metallic ratio of  $15\frac{1}{2}$  to 1 would in future years give a worse rather than a better standard of value. Whichever metal may be discovered in large quantities will give the debtor, with whom the option lies, the benefit. Looking, therefore, to the fact that silver has fallen gradually during some centuries from 10 to 1 to the present ratio, and to the probability that it will be more subject to depreciation than gold, Mr. Jevons arrives at the conclusion that the production of gold will be discouraged, and that it will be ultimately replaced to a great extent by a vast stock of silver, liable to a sudden depreciation. “In short, the project of Mr. Cernuschi is not a real panacea for our present troubles; it is only a mode of postponement, leading to eventual aggravation.”

Turning to the *temporary* view of the question in its relation to the next ten or fifteen years, Mr. Jevons admits that if several great nations suddenly decide to have gold currencies, production cannot meet demand, and a fall of prices must be the result. But he asks whether it is probable that such a course will be pursued, and points out that if other nations insist upon taking gold from England, who is the largest holder, it can only be by paying our price for it. He then points to the fact that whilst the ratio of  $15\frac{1}{2}$  to 1

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\* “The Contemporary Review.” May, 1881.

in France was adopted simply because it was the market value of the metal at the time, it is not proposed now to accept the prevailing ratio of the markets, but by arbitrary convention to raise the price of silver, and although he believes that the proposed convention might raise silver to its former price of 59d. per ounce (and by consequence greatly depreciate gold) the scheme would be defeated by a tacit refusal to accept silver or by contracts for payment in gold. The possibility of maintaining such a convention is then discussed, and he is of opinion that the issue of legal paper would at all times offer an indirect means of abrogating the treaty without a distinct breach of faith. The great obstacle, however, in Mr. Jevons' mind to the actual adoption of the proposal as a practical measure, is the confusion which would be produced in the masses of national and other debts contracted in terms of gold money. With silver at its present price, gold would be depreciated about six per cent., and though there are circumstances which would justify, in accordance with the maxim *salus populi suprema lex*, the imposition by law of such a sacrifice, the problematic, if not visionary advantages to be derived from the proposed convention are clearly not of this character.

Whilst, however, the abandonment of the English gold standard by the government is altogether out of the question, there are, Mr. Jevons thinks, some minor measures which might be taken to relieve the disturbed relations of the precious metals. Amongst these are the raising of the limit of legal currency of silver to five pounds; though clearly he does not think this would have much effect. Then the bank might possibly think it desirable to lay in a stock of three, four or five million pounds' worth of silver. But even here the effort would be inappreciable. He is, however, of opinion that the issue of one pound notes upon security to the extent of about thirty millions might be adopted. A margin of about ten millions of gold added to the issue department would be ample to meet any conceivable demand for payment of such notes, the circulation of which would probably be more constant than that of larger notes. Such a course would give the government a profit of nearly half a million a year, and throw a supply of twenty millions of sovereigns upon the markets of the world, to be scrambled for by the various nations now wanting gold currencies.

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*The Monetary Conference in Paris and England: Indicating the Proper Method of Solving the Problem.* BY THE LATE ERNEST SEYD, F.S.S.\*

Mr. Seyd predicts that if England abstains from any action in

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\* Edward Stanford, 55, Charing Cross.

the direction of bi-metallism, Germany and other States which have lately adopted the gold valuation will also be unwilling to make any change. France and the United States and certain other nations may then attempt to come to an arrangement between themselves, but such partial bi-metallism cannot be successful in the end, and must lead to greater disturbances eventually.

Fully admitting that England will not now make any advance, Mr. Seyd asks whether England cannot come to the assistance of silver in some other way than by bi-metallism, and proceeds to unfold the plan, which he has before advocated,\* of a coinage of a new silver piece of four shillings, containing  $350\frac{1}{2}$  (350.625) grains troy of pure silver: that is of the ratio of  $15\frac{1}{2}$  to 1 of gold, which should circulate in England, with a legal limit of perhaps to £5, and leave our present token coinage exactly as it stands at present.

Carefully comparing this new coin with the present rupee (it would really be worth 2 rupees 2 annas), Mr. Seyd examines its adaptability for export to India and probable circulation in that country, and the advantages which he believes it would possess as a kind of international coin. The arguments are urged with the author's usual earnestness, and the facts and figures introduced in support of it show the mastery which Mr. Seyd possessed over the technical details affecting matters of coinage, and the intricate questions of international usage.

In his conclusion he states that the proposal (i.e. the coinage of this new silver four shilling piece, bearing the ratio of  $15\frac{1}{2}$  to 1) "does entirely away with the necessity of discussing the theory of single or combined "standard" on which so many bitter quarrels have taken place, and which still confuses the world. It admits of the maintenance of bi-metallic views, and at the same time enables England to remain faithful to her own mono-metallic opinions."

An interest attaches to this pamphlet as it is the last from this vigorous advocate of bi-metallic views. It is somewhat remarkable that his final words on the subject should have been in the direction of suggesting a compromise between the two parties.

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*What is a Pound?* By HENRY R. GRENFELL.†

The old question asked by Sir Robert Peel has again cropped up, and Mr. Grenfell offers some remarks upon what a pound *was*, and what it *may be*. The author quotes Sir R. Peel's speech of 1844 to show that "a standard of gold and silver, *the relative value of the two metals being determined*," was distinctly referred to by him as being quite in accordance with the principle of a metallic standard; and

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\* "Bullion and Foreign Exchanges," Effingham Wilson, Royal Exchange.

† "The Nineteenth Century," June, 1881.

subsequently, referring to his dictum delivered in his famous speech of 1819, on the resumption of specie payments, that "every consideration of sound policy, and every obligation of strict justice, should induce us to restore the ancient and primitive standard of value," argues that this is precisely what Sir R. Peel did not do, as England had been, until nearly that date, bi-metallic; but that it is just that which bi-metallists now desire to do, in common with the rest of the nations of the earth. After a rapid view of the rise and growth of this question within the last few years, and the reactionary conclusion arrived at in the Paris Conference of 1868, in accordance with which Germany demonetised her silver, and also calling in evidence Mr. Giffen's admission as to the decline of prices consequent in part upon this action, Mr. Grenfell dwells in pointed language on the evils of such depreciation. "A long continuance of the inability to obtain the due return for their labours, be they what they may, is," he says, "an evil to ordinary men;" and "if an enormous depreciation in prices of all things produced in England be not an evil, I admit the bi-metallist would be very wrong to press his views on the public notice." A short review of the history of our coinage and a clear statement as to bi-metallist propositions then follow, and after a glance at Professor Jevons' admirable illustration of the steadiness in value between the two metals which would be maintained by the adoption of a double standard, the author combats many of the objections urged, and goes on to grapple with Lord Liverpool's conclusion as to the advantages of a single standard. This, he holds, was considered desirable and well adapted for the England of that day, separated as it was from the rest of the world: but, giving prominence to the views of Lord Liverpool as to the advantages of the then long existing system of what was called "Bank Money," that is to say, receipts for so much gold or silver bullion, he argues that gold or silver, or receipts for them, at a fixed relative value—the same in New York, Frankfort, Vienna, Rome, Paris, and London—would be more steady in value as regards the mass of commodities than either gold or silver separately, and approach more nearly the ideal standard of Lord Liverpool than gold bank money alone.

Mr. Grenfell examines some of the palliatives which have been suggested, and, generally dismissing them, comes to the conclusion that if forced to answer the question, "What is a Pound?" "I incline to answer it in the words of Sir Robert Peel, namely: that we ought to return to the ancient standard of the realm rather than adhere to the measure carried by that statesman and founded upon Lord Liverpool's letter."

The language of the article is not that of a bi-metallist first and anything afterwards, but of conviction based upon careful study; and the reader feels, without its being expressed, that the views put forward by Professor Jevons as the latest, if not the most

powerful supporter of mono-metallism, have been in the author's mind. Thus virtually adopting the Professor's division of the question into its "temporary" and "chronic" aspects, he brings out more forcibly than the Professor did the evils of a present and continuous depreciation of prices, and is guided more than he was by history and practical considerations. The vigorous style and condensed form enable the reader easily to grasp the views of the party which the writer expresses; and, following so closely the conclusion of the first sitting of the Conference, it has the advantage of including the latest phases of the question.

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## BANKING LAWS AMENDMENT BILL.

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THIS Bill, a notice of which appeared in the *Journal* of the Institute for March last, was again brought before the House of Commons on the 4th of May, when Mr. Anderson moved the second reading.

In opening the debate, Mr. Anderson explained that the principal object of the measure was to get rid of a great monopoly which applied more or less to the whole of the United Kingdom, but in a pre-eminent degree to Scotland. When the late Sir Robert Peel passed the Bank Acts of 1844 and 1845, the effect of those Acts was to give a monopoly of the right of issue to a certain number of existing banks, and he allowed no bank established after that date ever to have any right of issue. The Bill would enable any bank, whether now existing, or a new bank, to have a bank note issue based on Government securities, and payable on demand in gold. The total amount of notes which he proposed should be issued was £71,000,000. If in England, people had the opportunity of taking one pound notes, the amount of gold now circulating unprofitably would be reduced. Since the date of 1845, there had not been a single new bank established in Scotland, although the population, the wealth, and the trade of the country had increased, while on the other hand several banks had ceased to exist. Mr. Anderson concluded by remarking that if his measure were objected to as a general one applicable to the United Kingdom, he proposed, next Session, to introduce it in a more limited form for Scotland alone.

Mr. William Fowler differed entirely from the currency views of Mr. Anderson, who would drag them back to an old and exploded practice. With one exception he should be sorry to go back to an uncertain circulation of notes. That exception was in favour of one pound notes. He could not see why one pound notes should be so good for Scotland and Ireland and so bad for England. He regarded the Bill as unnecessary.

Sir John Lubbock, sympathised with the circumstances which had induced Mr. Anderson to bring forward this Bill. At the same time it raised very grave questions, and sought to place our currency on an entirely new basis. The Bill proposed the re-issue of one pound notes, but it must be remembered that notwithstanding their undoubted convenience, these notes were deliberately abandoned after long trial. He was not prepared to see them re-issued in England without most careful consideration. Again, the Bill would replace sovereigns

by paper money, but the highest authorities had been of opinion that it was very desirable to maintain our gold circulation, and even if these authorities were mistaken, he submitted that they ought not to reverse their policy on so vital a question without ample enquiry. Schemes of circulation, more or less like those contained in the present Bill, had often been proposed. It had, however, hitherto been considered that such a plan would tend to create panics. When the rate of discount was low, there might be a loss on the issue of such notes. At present, for instance, money lent from day to day was worth less than the two per cent. named in the Bill, but as the rate rose, it would become more and more profitable to issue notes, which would therefore be created and, of course, drive sovereigns out of circulation, and out of the country, just at a time when it was desirable that the stock of gold should be increased rather than diminished. The process would continue, the gold would gradually go abroad, until at last, distrust would arise, the notes would be discredited and brought in for payment, creating a panic and finally a crash very injurious to the interests of the commerce of the country.

Lord Frederick Cavendish, could hardly doubt, considering that the number of banks in Scotland had considerably diminished since the Acts of 1844-5, that the monopoly existing had been the cause of the diminution, or had, at least, largely contributed to it. He could not, however, agree in the condemnation passed on these Acts, nor could he concur in the advisability of an additional note issue of forty millions, which, in his opinion, would simply displace forty millions of coin. He admitted that the whole question of Scotch banking was one very well worthy the consideration of the House, and if Mr. Anderson should, in a succeeding Session, introduce a measure on that subject alone, he had no doubt that the House would give it very careful consideration.

The Bill was ultimately withdrawn.

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## ANNUAL REPORT OF THE DEPUTY MASTER OF THE MINT FOR THE YEAR 1880.

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The eleventh annual report has just been issued and contains much interesting matter.

### GOLD COIN.

As regards gold coinage it is stated that "the amount coined in 1879 was insignificant, but during the first six months of 1880, a sum of rather more than £4,150,000 was delivered to the Bank of England in sovereigns and half-sovereigns, and the total value of the coinage was brought up to £4,185,102. This is the largest gold coinage executed since 1876, when the amount issued in the year was £4,700,000. During the intervening period of three years, owing to the general depression of trade, the annual average demand for gold coin from the Mint has been but little more than £1,000,000, the importations of sovereigns issued by the Sydney and Melbourne Mints having each year been sufficient to make up the quantity of new coin required by the Bank of England. During the year 1880 the amount of Australian gold coin imported was £2,377,000, as against the following amounts in the preceding five years :—

				£
1875	...	...	...	2,726,000
1876	...	...	...	2,075,000
1877	...	...	...	3,748,000
1878	...	...	...	2,773,000
1879	...	...	...	1,617,000

The amount of light gold coin received for re-coinage during the year has only been 100,000 ounces, or £389,375, but, as shown in my last Report, 780,000 ounces, or £2,842,437, was sent in at the beginning of the coinage in 1879, so that of the total amount of bullion imported by the Bank for the coinage of £4,185,000, more than £3,231,000 consisted of light gold."

### SILVER COIN.

Of silver, it is said that "the silver coinage of the year was considerably above the average. The amount of coin struck was £744,829, as against £567,125 in 1879, and £614,426 in 1878, and the amount issued £709,093. The issues consisted of

£190,700 sent to the Bank of England, £122,000 to the Bank of Ireland, £73,500 to Scotch Banks, and £308,940 to Colonies, £13,250 shipped in aid of Treasury chests abroad, and £500 in threepences supplied direct to banks and private persons. As in former years, applicants for small sums in threepences were referred to London Banks which had intimated that they held a stock in excess of their own requirements, and the amount sold to individuals therefore was inconsiderable; but the total amount issued nevertheless reached £23,050. This amount, though less than the issues of 1879 and 1878, which were £37,220 and £30,425, respectively, shows that the demand for threepences is still very large. It may be mentioned in this place that fourpences, none of which have been coined since 1856, continue to be withdrawn in considerable quantities, and will shortly, no doubt, almost entirely disappear from circulation. The nominal value of the fourpences withdrawn during the past year was about £4,000, and in 1879 was £3,600, so that the number of these pieces in circulation has been reduced in two years by not less than 456,000."

The following table shows the amount of silver coin issued by the Mint to the Bank of England, and by the Bank to the public, and of worn silver coin withdrawn by the Bank from circulation, during recent years:—

Year.	Received by the Bank from the Mint.	Issued by the Bank to the Public.*	Received by the Bank from the Public.†	Worn Coin withdrawn from Circulation.
	£	£	£	£
1867	87,000	...	17,000	60,000
1868	175,000	193,000	..	75,000
1869	30,000	228,000	..	105,000
1870	188,000	328,000	..	80,000
1871	566,000	650,000	..	75,000
1872	972,000	910,000	..	65,000
1873	578,000	595,000	..	95,000
1874	500,000	432,000	..	115,000
1875	481,000	433,000	..	143,000
1876	87,000	57,000	..	275,000
1877	186,300	66,000	..	170,000
1878	215,500	187,000	..	220,000
1879	153,430	..	121,700	240,000
1880	190,700	283,000	..	250,000

\* In the Report for the year 1879 it is explained that these figures represent the *excess* of the issues by the Bank to the public beyond its receipts from the public.

† These figures also represent the amount received by the Bank from the public in *excess* of its issues.

"These figures," it is stated, "show a decided increase in the demand for silver coin in England and Wales during the past year. In the latter part of 1878, and during the greater part of 1879, owing to the general contraction of trade and the depression of agriculture, as shown in my last Report,\* large quantities of coin were received back by the Bank from the public, but in 1880 the issues again largely exceeded the amounts received, and the silver currency, therefore, may be considered to have resumed its normal condition. The amount of worn silver coin withdrawn from circulation, £250,000, continues to be large, and shows that the renewal of the coinage progresses satisfactorily."

The following is a table of the average price of standard silver in the London market for every month during the past year :—

Month. (1880.)					Average price per ounce of standard silver in the London market.
					<i>d.</i>
January	...	...	...	...	52 $\frac{7}{16}$
February	...	...	...	...	52 $\frac{5}{16}$
March	...	...	...	...	52
April	...	...	...	...	52
May	...	...	...	...	52 $\frac{1}{8}$
June	...	...	...	...	52 $\frac{1}{4}$
July	...	...	...	...	52 $\frac{1}{16}$
August	...	...	...	...	52 $\frac{5}{8}$
September	...	...	...	...	52 $\frac{1}{8}$
October	...	...	...	...	52 $\frac{3}{8}$
November	...	...	...	...	51 $\frac{1}{2}$
December	...	...	...	...	51 $\frac{3}{16}$

"These figures," it is remarked, "show that the average price for the year was a fraction less than 52 $\frac{1}{4}$ *d.* per ounce, as against 51 $\frac{3}{16}$ *d.* in 1879, and 52 $\frac{5}{16}$ *d.* in 1878, or about  $\frac{1}{8}$ *d.* higher than the average price, 52 $\frac{1}{8}$ *d.*, paid by the Mint for bullion purchased for coinage. The coinage of silver having continued during the greater part of the last six months of the year, purchases of bullion became necessary in June, July, September, and November, in which latter month the price touched its lowest point, 51 $\frac{5}{8}$ *d.* The highest price reached was in June, when it touched 52 $\frac{1}{4}$ *d.*, and the average price paid by the Mint was nearly the same as the average market price of the year."

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\* Tenth Annual Report (1879), page 6.

"Messrs. Mocatta and Goldsmid's annual circular points to this remarkable steadiness of the market, which showed a variation of  $1\frac{1}{4}$ d. per ounce, or about  $2\frac{1}{2}$  per cent., only, as in some degree due to the diminished volume of business in the precious metals which has marked the year. The circular then proceeds to describe the movements of silver during the twelve months. The imports from the United States were only £1,100,000, as against £1,800,000 in 1879, and the supplies from nearly every other quarter also showed a considerable falling off. From Germany the importations were insignificant, the German Government having adhered to their resolution not to dispose of any more of their demonetised silver coin. The result was that the imports were less by nearly £1,000,000 than those of the previous year. The chief demand was, as usual, for India, which has absorbed about £3,100,000, in addition to £1,200,000 shipped direct from Venice and Marseilles, notwithstanding that the amount of the India Council bills drawn during the year was £15,500,000. The rate of exchange of these bills ranged between 1s.  $8\frac{3}{4}$ d. per rupee early in the year and 1s.  $7\frac{3}{4}$ d. at its close. The price of Mexican dollars was also comparatively steady throughout the year, though the variations were slightly greater than in the case of bar silver. During the early part of the year, and again from May to December inclusive, although nearly the whole of the arrivals were taken for the East, the price was only slightly above the intrinsic value of the coin, but in March and April a more active demand for China caused an improvement in the price, which rose at the beginning of May to  $52\frac{1}{4}$ d. per ounce, the highest point reached in the year. This price was the same as that of bar silver, so that the premium on the coined metal was about 3 per cent. The shipments of dollars to China and the Straits Settlements during the year were £1,850,000, the imports into this country having been as nearly as possible of the same value. The following table of the imports and exports of silver, including Mexican dollars, during the last five years, shows how great has been the falling off of both in 1880:—

			Imports.	Exports.
			£	£
1876	...	...	13,000,000	14,000,000
1877	...	...	20,000,000	19,000,000
1878	...	...	11,000,000	11,250,000
1879	...	...	10,500,000	11,000,000
1880	...	...	6,500,000	7,250,000

"The coinage of silver at the Indian Mints during the year exceeded that of any previous year since 1865-66 except 1877-78, the increase as compared to the out-turn of the preceding year

corresponding nearly with the increase in the net imports of silver.

The following table for the six years ending 1879-80 shows that the amount of coinage has in fact generally followed the amount of metal imported :—

Year.		Net imports.	Coinage.
		£	£
1874-5	...	4,640,000	4,900,000
1875-6	...	1,550,000	2,550,000
1876-7	...	7,200,000	6,270,000
1877-8	...	14,680,000	16,180,000
1878-9	...	8,970,000	7,250,000
1879-80	...	7,870,000	10,250,000

“The excess of coinage over imports during the last three years of this period is in a great measure accounted for by the large amount of bullion, amounting to no less than £3,320,000, in the form of native ornaments, &c., which was thrown on the market by sufferers from famine in Western and Southern India, and received for coinage at the Bombay Mint, but that Mint also received in 1878-79 and 1879-80 £1,120,000 in native coins, principally Baroda rupees.”

There follow reports of the operations of the mints of various foreign countries, but with the exception of the United States, where the coinage has been unusually heavy in the year under review, they appear generally to have been of an ordinary character.

## LEGAL DECISIONS AFFECTING BANKERS.

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The following case, heard at the Bristol Assizes on the 11th February, in which judgment was delivered in the High Court of Justice, Exchequer Division, on the 2nd of March, 1881, is of interest, as discussing the right of country bankers, where a customer's acceptances have been advised to their London Agents for payment, to debit such customer with interest on the amount of the acceptances, although never presented for payment, and although the advice has been cancelled.

THE WEST OF ENGLAND AND SOUTH WALES DISTRICT BANK *v.* EVANS.

### JUDGMENT.

LORD JUSTICE BAGGALLAY:—

As this case may possibly go further, not by reason of its intrinsic importance, but as possibly more or less affecting other cases of a similar character, I am desirous that my appreciation of the facts shall be clearly expressed, and I have therefore jotted them down in writing.

The defendant, who carried on a large business as a draper, had a banking account with the West of England Bank from the year 1854 until its stoppage in December, 1878, and from time to time the Bank had allowed him to overdraw his account. A claim was made against him by the liquidators for the amount of the overdraft at the stoppage of the Bank, and which upon the Bank books amounted to the sum of £3,532. 19s. 10d. He came to an arrangement with the liquidators, paid them £500 on account, and agreed to pay monthly instalments of £300 until the overdraft, with interest, should be cleared off. He paid four such instalments, and the liquidators then agreed to accept £150 per month until March, 1880, when the balance was to be discharged. He paid three instalments of £150, and had thus paid off, in the aggregate, £2,150. He made no more payments until March, 1880. On the 22nd of that month a meeting took place at Bristol between the defendant and Mr. Clarke, one of the liquidators, and a balance of £1,070. 2s. was agreed upon as due from the defendant, such sum being arrived at in the following way:—Credit was given for the several sums paid by the defendant, and amounting, as before mentioned, to £2,150, and interest was debited to him upon the balance of the original debt of £1,532. 19s. 10d. from the sum so arrived at, namely, £1,572. 19s. 10d., two sums of £468. 8s. 11d. and £34. 8s. 3d., to which I shall have occasion to refer presently, were deducted, leaving the balance of £1,070. 2s. The account

showing these figures and this result was shown to the defendant at a meeting on the 22nd of March, and is in evidence. The document is here, and I shall have to refer to it presently. The defendant then paid £720. 2s. to Mr. Clarke, and gave two promissory notes for the ultimate balance—one note for £156. 17s. 6d. at three months, and the other for £200 at six months, the £6. 17s. 6d. being for interest on the postponed payment of the £350. The note for £156. 17s. 6d. was paid at maturity. The present action is for the note for £200, payment of which has been resisted upon the grounds which I am about to state. The defendant had large business transactions, in the course of which he was in the habit of accepting bills. It was his practice on the 3rd of each month to advise his bankers as to the bills becoming due and made payable in London, in order that they might provide for their payment. The Bank thereupon advised Messrs. Glyn & Co., their London Agents, and debited the defendant's account with the amount so advised, they being themselves debited in account by Messrs. Glyn & Co. with the amount of the bills so presented and paid. It so happened that occasionally bills which had been so advised were not presented for payment, and after a certain time, varying from eighteen months to two years, the instructions from the West of England Bank to Messrs. Glyn & Co. for payment of the same were cancelled. It appears, however, to have been the practice of the Bank when they were debited by Messrs. Glyn & Co. with the amount only of such bills as were presented and paid, to debit the defendant and their other customers with the amounts of all the bills advised for payment, and to continue such debit whether the bills were presented or paid, or not. It follows that whenever the account of the defendant or of any other customer was overdrawn, the amount of such overdraft was covered or increased as the case might be by the bills so presented, but not paid, and the interest charged upon such overdraft was in part interest and part compound interest upon the amounts of such bills.

Now, it appears from the books of the Bank, that between the month of March, 1858, and the stoppage of the Bank in December, 1878, the account of the defendant was debited with the amounts of not less than fifteen bills of an aggregate amount of £468. 8s. 11d., no one of which bills was ever presented for payment, or paid, and the overdrafts of the defendant were from time to time debited with interest at the current rates, sometimes as high as eight or ten per cent. per annum, or even more, upon the amounts of such overdrafts. Some time in September, 1879, the defendant having been informed that some of the bills of which he had advised the Bank had not been presented, and had not been paid, wrote to Mr. Clarke a letter dated the 26th of that month, in which there is the following passage:—"Will you oblige me by sending me a list of outstanding advices of the West of England Bank? I have reason to think that my name is amongst the number." The term

or expression, "outstanding advices," was used by the bank to indicate the bills which had been advised for payment and had not been paid. That letter was replied to in the following terms:—"We are in receipt of yours of the 26th instant, with cheque for £150—amount of this month's instalment. With reference to your request for a list of the outstanding advices, we cannot send you this, as there are several thousand entries, but we have looked through the books for the last twenty years, and find that there are some advices which have not been claimed by the parties entitled to receive same. It will take a few days to trace particulars of the various items, and when completed you shall hear further from us." Here there is certainly an admission on the part of the liquidators that in the book having reference to these outstanding advices, which were advices which they had been instructed to pay, but which they had not paid, but in respect of which they had debited their customers—the entries in respect of them some thousands in number, and that some of them had reference to the defendant. The attention of the Liquidators was thus drawn to the subject of the outstanding advices of the defendant; but nothing further took place between the defendant and the liquidators upon this subject until the 19th of January, 1880, when he received the following letter of that date:—"We are in receipt of yours of the 17th"—that was asking for an account—"and, as requested, send you a note of the amount due on your current account for which promissory notes are given, and also note of the other past due bills in our hands." That had reference to the general balance; and had nothing to do with outstanding advices. "We enclose particulars of outstanding advices in your name, amounting to £468. 8s. 11d." Now that account shows, as I have already mentioned, fifteen bills, amounting to £468. 8s. 11d. in the total, the earliest one becoming due as early as the 4th of March, 1858, one in 1859, 1860, 1862, and so on through each year down to the last one, which became due only on the 4th of June, 1877—eighteen months before the stoppage of the Bank. As I say, as regards this one account, there were no less than fifteen bills, amounting to the sum I have just now mentioned, spread over a course of twenty years, and in respect of which, according to the custom of the Bank, the defendant was debited in account, and also he was debited from time to time—when ever there was an overdrawn account—with interest, as forming part of the item in the outstanding account. He tells us his amount of bill transactions were very large, sometimes amounting to thirty or forty a month; therefore, these were merely exceptional amongst the large amount of bills with which he was ordinarily dealing. It appears from the books of the Bank that, with the exception of the two latest in date, the instructions to Messrs. Glyn & Co. for meeting these bills had all been long ago cancelled. It is common ground that the



£468. 8s. 11d. which was allowed to the defendant at the meeting on the 22nd of March was the aggregate of the aforesaid fifteen bills with which the defendant had been previously debited by the Bank, but which the defendant had not paid, and also that the £34. 8s. 3d., with which the defendant was at the same time credited, was the amount of interest upon such sum of £468. 8s. 11d. from the date of the stoppage of the Bank until the date of the meeting; but no credit was given to the defendant in respect of the interest with which he had been from time to time debited in respect of these bills. The amount of such interest probably exceeds the sum of £400, and the defendant insists that he is entitled to be credited with such amount in account with the plaintiffs. Whether he is so entitled is the question I have now to answer, for it is insisted on the part of the plaintiffs that the defendant is not entitled to any such credit as is claimed by him, for two reasons: First, because it is, and has been the recognised practice of bankers, to so debit their customers until such times as the customers shall cancel their advices for the payment of the bills; and, secondly, because the arrangement of the 22nd of March was a statement of account between the defendant and the liquidators, entered into and agreed to by the defendant at a time when he had full and sufficient knowledge of all the facts. As regards the first of these two grounds of defence, I propose to illustrate its nature by a reference to the circumstances under which the defendant has been debited in respect of the earliest in date of the fifteen bills included in the list of outstanding advices. This bill was for £73. 6s. 5d., and it was advised to the Bank for payment on the 3rd of March, 1858, and became due on the 4th of the same month. The West of England Bank directed Messrs. Glyn and Co., their London agents, to meet the bill and debit the defendant with its amount. This would of course have been quite correct if the bill had been presented and paid by Messrs. Glyn & Co., and repaid to them in account by the Bank; but the bill was never presented, and consequently was never paid, and the instructions to Messrs. Glyn were in due course cancelled. No payment whatever was made in respect of this bill; but, though the Bank had cancelled their instructions to Messrs. Glyn & Co. to pay it, they never communicated to the defendant the fact that the bill had not been paid, nor did they cancel the debit to the defendant's account of its amount; on the contrary, during the twenty years which elapsed between the due date of the bill and that of their own stoppage, they from time to time charged the defendant with large sums of money in the nature of interest and compound interest upon the amount so originally debited to him. Inasmuch as the amounts of the overdrafts of the defendant were increased by the amount of such original debit and of previous interest thereon, and the defendant was charged with interest upon the overdraft at various rates from five to ten per cent., or even more,

the plaintiffs have allowed to the defendant the amount of the bill, but they insist that he is not entitled to any allowance in respect of the interest with which he has been debited. The interest they have allowed him covers the period of the stoppage of the bank merely ; it cancels a similar amount debited to him in account for the same period. The aggregate amount of interest with which the defendant was debited in account in respect of these bills previous to the stoppage of the bank has not been accurately calculated, but it approximates to the aggregate amount of the bills. Now, to anyone uninitiated in the mysteries of banking, it would appear contrary to every principle of justice, that a banker should for years charge his customers with interest upon sums of money which he was instructed to pay but did not pay, and of the non-payment of which he did not inform his customers. But two gentlemen of great experience as managers of large banking concerns at Bristol have stated that such is the general practice of country bankers, and that such has been their own practice in the banks under their own management. Those two gentlemen are Mr. Henry Fitzhardinge Price—who says, “I have been for six years the manager of the bank of Messrs. Miles, of Bristol, and previously to that I was for upwards of twenty years in the service of the National Provincial Bank of England.” Then he says, “it is usual for customers having large businesses to furnish their banks periodically with a list of bills falling due, reciting names of drawers, dates when due, and amounts. On the day before such bills mature the bankers advise their London agents to pay them, and they charge the amounts to the customer’s debit. If the account is overdrawn it forms part of the debit. The acceptor is the proper person to give the advice and to cancel it. If the bill is not presented for payment, the debit, nevertheless, remains against the customer, and interest continues to be charged to him.” In cross-examination he says, “statements of accounts are usually rendered from day to day to bankers in the country by their London agents. Speaking as a banker, I say that in my opinion there is no obligation on a banker to inform his customer that a bill has not been presented for payment, nor to cease charging him with interest in respect of it. I have heard that Messrs. Stuckey are in the habit of giving their customers notice when a bill has not been presented for payment. It is not usual to cancel the advice without instructions from the acceptor.” Then, in answer to a question whether it was usual to charge interest for many years on the amount of a bill which had never been paid, the witness replied that such a thing might occur, unless the acceptor cancelled the advice. He then says, in re-examination, “we had to keep a large sum of money in the bank to meet such outstanding advices.” Then I put the question to the witness, “if a bill was not presented for five years, would you consider that you were under any obligation to inform the customer of the fact and that

you were continuing to charge him interest for it?" To which he replied, "we should do so as a matter of courtesy, but should not recognise any obligation." Then Mr. Smith, the manager of the National Provincial Bank of England, and who has been in their employ for twenty-six years, gave evidence substantially to the same effect as regards the custom of country bankers. I put to him this question: "what is the longest time during which you have debited a customer in respect of a bill which was never presented for payment?" To which he replied, "until he revoked his instructions. The time is without limit." Mr. Smith gave a general answer that the time was without limit. Beyond a suggested difference of practice by Stuckey's Bank, at Bristol, there is no evidence before me of a contrary or different practice. But I should have been more impressed with the evidence of customers of banks who had recognised and submitted to such a practice, than by that of bank managers who say that they have acted upon it; and had it been necessary for me to decide upon the sufficiency of the first defence put forward by the plaintiffs, I should have hesitated much before I gave effect to a practice that appears to me to be both unreasonable and unjust; but I feel bound to give effect to the second defence put forward on the part of the plaintiffs. In my opinion the defendant entered into the arrangement of the 22nd of March with sufficient knowledge of the facts to make that settlement binding upon him. I can well understand that his occasional examination of his pass books did not convey any information to him beyond the fact of his having been debited with the amount of the bills and with interest upon such amounts when they formed items in his overdrafts. He would probably presume that bills which had been advised by him for payment had been presented and paid, and nothing in the pass-book would suggest the contrary. But the real question is whether he did not assert the right to have credit for the amount of interest to be debited to him in respect of these bills before he entered into the arrangement of the 22nd of March. If Mr. Tribe's evidence is trustworthy, the matter is beyond doubt.

The Learned Judge then reviewed the evidence given on both sides on this branch of the case, and concluded his judgment as follows:—

Upon the whole of this case, though I am bound to say I do it with some regret, for I do not like the first line of defence which was taken to the case of the defendant, I am bound to say that sufficient was known to the defendant upon the occasion of the meeting on the 22nd of March to make me hold him bound by what took place on that day, and to make him, therefore, bound by that settlement of account, and I must therefore give a verdict for the plaintiffs for the amount claimed.

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## JOURNAL OF THE INSTITUTE OF BANKERS.

JULY, 1881.

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Sir JOHN LUBBOCK, Bart., M.P., President, *in the Chair.*

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*"The GENERAL MONETARY PRACTICE amongst the NATIVES of INDIA, with some ESTIMATE of the USE and PROBABLE FUTURE ABSORPTION of SILVER as COIN; and an ACCOUNT of such PRACTICES amongst the NATIVES as have a BANKING CHARACTER, and lead up to the LARGER BANKING OPERATIONS of the COUNTRY."\**

By SIR RICHARD TEMPLE, BART., G.C.S.I.

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[An Address delivered before the Bankers' Institute, Wednesday, 18th May, 1881.]

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THE comprehensive question upon which I have been asked to give some information divides itself naturally into three parts, each one of which would require a separate address to do justice to it. I have, therefore, now to compress what ought to be a series of three addresses into one address, and this must be my excuse if I appear to you to pass somewhat rapidly over the several points. The limited time at our disposal, and the largeness of the subject, prevent my dilating upon many of the graphic, picturesque, and almost poetical details which I should have liked to indulge myself in and you also, for if I should linger on the picturesque portion I fear I should not have time to dwell upon the solid facts which I am bound to bring under the notice of a body of experts such as the members of this Institute. Therefore, bespeaking your indul-

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\* Instead of reading from a written paper as usual, Sir Richard Temple's Address was delivered orally.

gence so far, if I seem to pass hastily over details, I shall at once proceed to the subject matter of my address. I need not read out to you the whole question, but I will begin by treating of the first of the three parts into which it divides itself.

*"The GENERAL MONETARY PRACTICE amongst the NATIVES of INDIA."*

Now you will doubtless be aware that the ancient coins and numismatics of India form an historical record of priceless value, and have rescued from oblivion many dynasties and long lines of kings, which would otherwise have been forgotten. But passing by that interesting and brilliant topic of the numismatics of India, I may remind you that among the original Hindoos in the southern part of India coinage was in gold, because in the south of India they had gold mines—the very gold mines, indeed, about which in recent days we have heard so much; and the reason there is so much uncertainty as to the profit to be derived from the re-opening as it were of these gold mines, is because the ancient Hindoos worked out for their gold coinage all the accessible veins of precious metal, leaving the more deeply sunk veins to be worked by the assistance of our modern mining engineers. The Hindoos in the north of India had gold as well, but there they had a silver coinage also, because they got silver from Central Asia, across the Himalayas, and in the Himalayas themselves. When the Mahomedan sovereigns came to power they developed the silver coinage and retained the gold coinage, and they further paid great attention to copper coinage. According to English laws one metal is legal tender to any amount, and another metal is legal tender to only a limited sum. In ancient and mediæval India the relative value of coins of each metal was fixed by the State, and all were legal tender virtually without any formal limitation. Each Native ruler in India, upon his accession to the throne, instituted a new coinage, recalling as much as he could the coinage of his predecessors, and charging some discount called "*batta*" upon the new coinage. There were a great number and variety of mints in mediæval India. Each State had several mints, and, as there were some hundreds of States, if I said there were a thousand mints I should not be far wrong. Equally there was a great variety of coins, and looking at an old table of coins the other day, I counted a hundred coins of gold, 300 of silver, and 50 of copper. The money-changers used this multifarious currency for their own profit. Moreover, there was a practice whereby the money-changers became the contractors in the Native States for the mint, thereby acquiring the entire control over the mintage of the country. Thus they were able to have frequently a fresh coinage, actually yearly, again charging the old "*batta*" or discount. The troubles

to which the public were thus exposed under the later dynasties of Native rule, before the appearance of the British Government, were indescribable and endless. These troubles continued during the early part of British rule until, by the celebrated regulation of 1793, the East India Company put an end to the legal currency of the multiform Native coinage. They then instituted the gold mohur and the sikka rupees. These were practically legal tender to an unlimited amount, their relative value being fixed by law. This system lasted until 1835, when silver was declared to be the sole legal tender to an unlimited amount. Therefore it may be interesting to recall the fact, that under every Native monarch, and also after the establishment of the British rule, until the year 1835, India had what was practically a double standard. But in the year 1835 silver was declared sole legal tender to an unlimited amount, and thenceforward gold pieces were coined only for the purpose of general convenience, without being a legal tender at all. The Government, however, made a concession in favour of the gold coins, to the effect that they should be received in the public treasuries in payment of revenue; and with certain modifications the arrangement has lasted up to the present time. In the year 1865, about the time of the crisis of the American Civil War, proposals were made for making gold the sole legal tender to an unlimited amount, and practically demonetising silver. These proposals were originated before the well-known depreciation of silver set in. This depreciation has placed all proposals of that character out of court. The recent tendency among many thinkers in India is again towards the bi-metallism of former times. Before leaving this part of the subject, I should remind you that the many hundreds of Native mints were abolished by English rule, and the English mints have since been reduced, first to three and now to two, so we have only two mints in the whole of British India.

The next thing I have to mention to you is, that the possibility of a political revolution occurring is always present to the monetary and financial mind of the people of India. The consequence is, that their coinage is used partly for purposes of circulation and partly for hoarding. I think, as you will see presently, that silver is hoarded almost entirely in specie, and gold is hoarded partly in specie but chiefly in bullion. The object of hoarding in specie is that the man, who hoards, considers that the stamp, image and superscription upon the coin constitute a certificate of its value. The amount of unused capital thus existing in India is almost melancholy to contemplate. Then the Natives of India have many other uses for gold and silver besides circulation and hoarding. I wish time permitted me to give you many of the graphic and interesting details which might be given regarding the manner in which these humble Natives use gold and silver for domestic purposes,



ornamentation, and personal decoration. The hoarding is not, however, confined to the precious metals. The Natives of India are very fond of using precious stones for hoarding, and a man considers his little fortune locked up in so many diamonds and emeralds. It is to be borne in mind that though they import jewels but little into India, still some of the best diamond mines are in India, and perhaps the finest ruby mine in the world is in Burmah, while the Indian waters have some of the largest pearl-fisheries on the face of the globe. The necessity for precious metals for circulation is but slightly diminished by the use on the part of the Natives of the Government paper-currency, represented by fourteen million pounds sterling. The Natives of India, however, do invest largely in Government securities. They hold £20,000,000 of that class of stock; and it is remarkable that both the larger kind of Government notes and Government securities, that is to say, scrip-paper, are used to some extent for the further purpose of hoarding.

Then, in some respects, the necessity for circulation in specie is reduced by the primitive barter, which is very common in the country. I admit that there are no recognised standards of barter in India such as there have been among some aboriginal races. Nevertheless there is an immense extent of this barter going on—that is to say, the poor people in villages take little articles, which they make with their own hands, to the rustic fairs, and therewith purchase food and grain. In ancient India, again, a great deal of business was done in kind. The land revenue was collected in kind; the rent was paid to the landlord in kind; the wages of the agricultural labourer were given again in kind. This system of course reduces the necessity of gold, silver, or paper for circulation. In many British districts, however, it is ceasing altogether, and is lessening in the Native States.

One more point before I have done, and it is this, that there is a medium of circulation represented by cowrie shells, which are imported to India from the Bay of Bengal. 3,200 go to the shilling, and 266 to the penny; so you can imagine the extent to which this shell circulation supersedes copper. You will remember that the Natives are a poor people and are very thrifty, looking to the narrowest margin of profit and loss. These shells have a very large circulation. Nevertheless, the British Government has succeeded in introducing a very successful copper coinage, though its circulation is somewhat impeded by the various customs which I have just mentioned. I have now said as much as time will permit in regard to the monetary practices of the Natives of India.

“ *SOME ESTIMATE OF THE USE AND PROBABLE FUTURE ABSORPTION OF SILVER AS COIN.* ”

I now come to the most difficult and important part of the question, and I must preface my answer by reminding you of a few salient, statistical, and economical facts relating to India. First, the Indian national income, assessable to income-tax, somewhat on the same principle as that which exists in England, amounts to not more than a hundred millions. You, doubtless remember, as I am addressing experts, that in England five hundred and seventy millions of income are assessable to income-tax, and the rest of the income of the nation is conjectured at seven hundred millions more, making a total of twelve hundred and seventy millions. Apply that principle to India and you will get one hundred millions assessable to income-tax and one hundred millions pertaining to the humbler classes, and that will give you two hundred millions in all. The external trade of India with foreign countries amounts to one hundred and twenty-five millions sterling a year; the value of the internal trade is probably greater still, but I regret to say that in this respect the statistical department in India is not sufficiently advanced to be able to furnish the value in figures. The State revenue amounts to about sixty-five millions sterling a year, of which forty-three millions only represent the actual taxation, and of that amount six millions are paid by the Chinese. The ordinary expenditure is about the same in amount. The Government now keeps ordinarily a cash balance in its treasury of thirteen to sixteen millions sterling. When I was finance minister the cash balance used to be from seventeen to twenty-two millions sterling. The greater part of that is hard cash, kept under lock and key in the treasuries of the country, but a portion of it is in the three Presidency Banks. The population of India numbers two hundred millions in British territory and fifty millions in the Native States—two hundred and fifty millions altogether.

Now, in such a country under these general economic conditions, what may we believe to be the amount of silver coin in actual circulation? The best opinions in 1850 put this circulation at one hundred and fifty millions, and the best opinions now, in 1881, would put it at two hundred millions. As a check upon these calculations, I have ascertained that the coin issued from the Indian mints during a period of thirty-five years averaged eleven rupees per head of the whole population, which amounts to just two hundred and twenty millions sterling. You may ask me why I do not put that as the total circulation? Now, nobody believes that the silver circulation is really two hundred and twenty millions, and we account for the difference between the two hundred millions circulation and the two hundred and twenty millions coinage, by

putting it down as part of the vast amount which is known to be hoarded by the people of India.

Remember that gold does not help the circulation. Gold coins, as I shall show you presently, are, indeed, issued from the mint. They are not circulated, they are only hoarded. Copper also does not help a very great deal. We have only got four millions of that coin. The Government note circulation to some extent supplies the place of precious metals, but the total amount of notes in circulation is only fourteen millions. It will at once suggest itself to you that Native Bills of Exchange supply the place of circulating medium. I shall presently show you that these Bills of Exchange, though their total cannot be accurately stated, must be vast in amount.

With such a circulation the question arises, what is the amount of precious metals which India has got? Now, I think, that India has got at least three hundred and thirty-three millions of silver, and one hundred and twenty-two millions of gold—total of precious metals, four hundred and fifty-five millions sterling. Of this amount I shall presently show you that two hundred and fifty-five millions of silver have been coined, and three millions of gold, by British coinage from the British mints—total, two hundred and fifty-eight millions coined. Thus you will perceive that while on the one hand this coinage of two hundred and fifty-eight millions exceeds by fifty-eight millions the highest estimated amount of circulation, namely, two hundred millions, it is, nevertheless, one hundred and ninety-seven millions less than the quantity of precious metals which is possessed by the people of India. You will ask how do I make this out—three hundred and thirty-three millions of silver and one hundred and twenty-two millions of gold. I must trouble you with a few details of calculation under these headings. The silver imported into India is partly fine and partly specie, or coins of other nations. Since 1835, which you remember is the year of silver being declared the sole legal tender, two hundred and thirty-seven millions of silver have been imported, that is to say net, less export, and two hundred and fifty-five millions have been coined, and that is an excess of eighteen millions. How are these eighteen millions supplied? Why, they are taken from the former British coinage anterior to 1835. We know that twenty-two millions of that coinage have been re-coined. That is more than enough to account for the difference. Of the former British coinage, from 1793 to 1835, the amount was seventy millions. Deduct twenty-two millions re-coinage, and there are forty-eight millions of that coin still out in the hands of the people. But in 1793, seventy millions could not possibly have represented the total circulation in silver, which must have been at least one hundred millions; there-

fore, thirty millions of that amount must still be out. Thus we have two hundred and fifty-five millions of silver new coinage, forty-eight millions of former British coinage, and at least thirty millions of old native coin still out—total three hundred and thirty-three millions. Besides this there is a balance of old silver importations, of which no one can give any estimate.

During this century there has been a great importation of gold into India. The gold imported from 1793 to 1835 amounted to eight millions, and from 1835 up to the present time to no less than one hundred and four millions, that is to say, the total importations amount to one hundred and twelve millions. The coinage from 1793 to 1835 amounted to thirteen millions, and from 1835 to 1880 to three millions—total sixteen millions. This being deducted from one hundred and twelve millions leaves ninety-six millions of gold uncoined in the hands of the people. Or, if you take the British period since 1835, there will be one hundred and four millions imported, three millions only coined, leaving one hundred and one millions of that in the hands of the people, which is either uncoined altogether or is coined in the Native States. Then you should allow for the old gold coin current in India before 1793. There must be at least ten millions of that still out in the hands of the people. Thus, one hundred and twelve millions, plus ten millions, brings you to the total of one hundred and twenty-two millions. Besides this, there is a balance of old importations, of which no estimate can be given.

It was fully explained in the report of Mr. Goschen's Commission on the Depreciation of Silver, that the purchase of bills of the Secretary of State for India in this country does *pro tanto* diminish the remittances of silver to the east. Two hundred and twenty-six millions sterling have been obtained in this country by these bills or Council drafts, and they would have been much greater if it had not been for the raising of ninety-seven millions in England for the construction of the guaranteed railways.

In regard to the question of the "probable future absorption of silver as coin" in India, you will find that the amount coined—two hundred and fifty-five millions—in the last forty-five years just gives an average of five millions and one-third annually. In quiet years the coinage amounted to from two to three millions, and in brisk years to from ten to fifteen millions—such as in the years of war, of the mutinies, of the cotton famine, and the American Civil War. The variations from the slack years to the troubled years have been tolerably uniform. Thus, you can believe that if things remain quiet in the country, India will absorb about three millions sterling worth of silver per annum; but if there should arise wars or famines, or if some article which is much wanted in England and is obtained from other countries, should suddenly fail, and India could supply

it, it will draw silver to the East to the amount perhaps of ten or fifteen millions per annum. Such, in brief, is my answer to that difficult question about the probable absorption of silver in India.

*“An ACCOUNT of such PRACTICES amongst the NATIVES of INDIA as have a BANKING CHARACTER, and lead up to the larger BANKING OPERATIONS of the COUNTRY.”*

I come now to the third and last part. In the first place, among the Natives of India there are no banks of deposit as you understand them, where depositors place their money and upon which they draw cheques. The Natives, as a rule, never draw cheques of this kind. It is a most extraordinary instance of the mutual distrust between man and man. But the Native bankers do an enormous business in advancing money in large and small sums upon the security of landed property. This system, which has been recognised and virtually created by the British Government, has led to that indebtedness among the peasant proprietors of India of which you have heard so much, and which has caused considerable trouble. Also the Natives have a great banking business in connection with general trade and agricultural produce. In this country, as we all know, every tenant farmer has his accommodation from the county bank; but in India every landlord and every peasant proprietor, and almost every cultivator hypothecates all the standing crops to the village bankers, and receives accommodation thereon, and if he clears his account in the year he is free, but if the account runs on at usurious interest he becomes considerably indebted. This being the nature of the business, how many people should you suppose are concerned in it? There are no less than three and a half millions of adult males engaged in commerce in British India, out of whom one hundred and eighteen thousand adult males are bankers proper, one hundred and ten thousand are money lenders, and twenty-one thousand are money changers—total, two hundred and forty-nine thousand. Deducting the money changers, that leaves about two hundred and twenty-five thousand, or a quarter of a million adult male bankers, which constitutes banking a large profession. There are at least half a million villages in India, and that is giving about two bankers to every village or parish. You will ask at once how in the world are two hundred and twenty-five thousand adult male bankers to find business? These, at the rate of an hundred customers each, would require twenty-five millions of customers, that is to say twenty-five millions of accounts. This seems to be a large number of accounts; but you will find that the numbers of people always run so high in India, that even this great number seems to be not at all improbable. There are

thirty-three millions of adult males engaged in agriculture, of whom there are seven million proprietors, and twenty-six million cultivators. Thus you will see there are plenty of customers for the quarter of a million of bankers. Besides there is a large residue from among the three and a half millions of adult males engaged in commerce.

I should add here that the rates of interest upon loans used to be in India very usurious, chiefly owing to the badness of the security, and ranged at from fifteen to twenty-five per cent. Now, under British rule, with good security, they range much lower, that is, only from six to twelve per cent. It remains for me to explain to you some of the practices of the Native bankers in respect to the general trade.

Native bankers have a system of bills of exchange which are known locally by the name of *hundy*. These *hundys* are written not only in a distinct language of their own, but have also a distinct character, that is distinct letters of their own, so that the chances of forgery or any malpractices are greatly diminished. They have a system of technical terms almost exactly corresponding with those with which you are all familiar; and, in order to prove to you that it is no imagination of mine, I may mention some of the technical terms. For instance "Darshani" means "at sight," "Khokha" means "first of three copies of bills of exchange;" "Penth" means "second bill;" "Parpenth" means "third copy of bill of exchange;" "Jawabi Hundy" means "a letter of credit;" "Anth" means "discount;" and "Arath" means "credit." These *hundys*, I assure you, circulate from one end of India to the other, that is, from the Himalayas down to Ceylon, and some Native merchants can give you a draft upon any place in the world, upon Constantinople, upon the Levant, upon London, and now, I almost regret to say, upon New York, and they have long been able to do so upon San Francisco. Of course, the total amount of these *hundys* depends upon the internal trade, the value of which, as I have before said, cannot be exactly estimated; but if I were to say that an amount of from fifty to an hundred millions sterling worth of these *hundys* must be in circulation in India at one time, I should hardly be guilty of any exaggeration. Thus, you see that if I am asked whether this part of the question at all leads up to the idea that there is great room for development of banking in India, then I am afraid I must answer in the negative, because the system is so ramified and extended, that there does not appear to me to be much room for European banking as generally understood. Still there are savings banks in India established by the Government, and, although only 4 per cent. interest is allowed, there are already three millions sterling of deposits, and the amount of each single deposit is limited, otherwise the total would be vastly greater than it is. There are several European exchange banks in

the country, and the shareholders are almost entirely European. There are also three Presidency banks in India, and with them many of the shareholders are Natives. The Presidency banks keep the cash reserves of the other banks, in the same way as the Bank of England keeps the cash reserves of all the other banks in the country.

With regard to the Native bankers, these form generally an entirely separate class. No doubt, in most instances, their business is managed with skill and ability. As a rule, bankers and money-lenders of India form separate guilds from generation to generation. Hitherto they have borne, I must say, an excellent character as regards commercial honour and credit, though they certainly have the reputation of being grasping and usurious in dealing with the humbler classes of their fellow-countrymen. Formerly they used to be remarkably free from speculative tendencies, but since we have carried to India the blessings of civilization, they have taken to speculation, and some of the most desperate gamblers in the market of speculation are to be found among the Natives of Western India.

I have one word only to add here, namely this, that you often hear that benevolent persons have propounded schemes whereby savings banks might be established by the State, which banks might also grant advances to peasant proprietors and cultivators, but I may tell you at once, after much inquiry, that we have found all these schemes to be futile. It would not be in the least possible for Government to undertake such a business. We have even inquired of European banks in the country, and they have refused to undertake it. This, then, concludes my answer to the third and last part of this question.

I am conscious I have given you but a very small and imperfect reply to very searching and comprehensive queries, and I shall conclude by urging just a few measures upon you, in which an Institute like this might beneficially influence public opinion. I would recommend you to encourage, as much as in you lies, the improvement in India of the law of debtor and creditor, the extension of savings banks, the permission for Natives to subscribe even very small sums to State loans, on the model of the French Government, and after the model which virtually has been introduced by the present Postmaster-General, Mr. Fawcett. I would urge the extension of the system of money orders, whereby the Natives may be induced to use the British Post Office and other public departments for remitting their money. Also I would recommend that the system of life assurance by the State should be instituted. This will not at all interfere with private insurance companies in India, who chiefly have business either among Europeans or among Anglicised Natives. Still, if the Natives at large are to take to life insuring, they will trust

nothing short of the Government itself, and considering the priceless benefit of the habit of thrift which would thus be introduced, I think it is one of those things which the State might fairly undertake. By urging these and other kindred measures, you will not only produce a good monetary and financial effect, but you will also bind the Natives by new ties to the British Government, and you will give them a substantial stake in the permanence and stability of British rule.

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#### DISCUSSION ON SIR RICHARD TEMPLE'S PAPER.

The PRESIDENT (Sir John Lubbock, Bart., M.P.) : We have heard with pleasure and great interest the statement which Sir Richard Temple has promised us, and I think we may congratulate ourselves on his having so kindly undertaken to deliver it. Sir Richard has held high offices in the three Presidencies of Bengal, Bombay, and Madras; he has been brought into intimate contact with the Native States of the Indian Peninsula, and he has served in almost every department of the State. All of us who have had the pleasure of reading his great work upon India, know well how he has used his great and almost unexampled opportunities, and the statement he has just made has proved once more the ability with which he has been able to combine the poetical imaginations of the east with the practical details of business in the west. I hope we may have some discussion on this paper, although it is a subject with which we are not very familiar, and most of us have probably come to listen and learn rather than to speak. We have been very glad to hear Sir Richard Temple's opinion as to the condition of Indian finance. We have often been told that India is a very poor country, but, at the same time, there are relative degrees of poverty, and the statistics which Sir Richard has given us show, I think, on the whole, that we may consider the finances of India are in anything but an unsatisfactory condition. He tells us that the Natives of India have £20,000,000 at least invested in Government securities, and an amount of gold and silver estimated at no less than £455,000,000, which is a very large sum in itself; and they seem to be laying by in specie alone at the rate of £5,000,000 a year. I am sure that I shall be expressing the universal feeling of the meeting when I venture to say in your name that I hope next session Sir Richard Temple may be good enough to take up again other parts of the subject which he has dealt with to a limited extent in so very clear and precise a manner.

Mr. JOHN NORMAN, being called on by the President, said from the knowledge he himself possessed, he was quite satisfied that the view of Sir Richard Temple was admirably correct. He took great



interest in the subject, but at the present time he was not prepared to enlarge upon it.

Mr. RICHARD B. MARTIN, M.P. : As there are perhaps not many of us present who have any practical knowledge of Banking in India, I should like to ask a few questions. Sir Richard Temple has mentioned that there have been in existence something like 1,000 mints. We should be glad to know what proportion of miscellaneous coins would be met with in the remoter parts of India, or all over the country—whether most of these coins are now in use or merely curiosities to be found in cabinets? Another of my questions is, whether there are any statistics as to the value of the precious stones found and absorbed in that country, and whether there is any considerable and regular trade in finding and polishing those stones, or whether it is an abnormal industry? I suppose a certain amount of these stones are exported regularly to Europe. I also wish to ask a question about the shells, whether they are used all over the Peninsula of Hindostan, or only in particular parts of the coast? Sir Richard has also alluded to the characters of the letters on the *hundy* or letters of credit. Can he tell us whether the letters belong to a distinct language, or any colloquial language, or prescribed terms marking any distinct period when the *hundys* were founded, or has the language arisen from some kind of slang? I have always understood that these letters of credit are given from any part of India to any other part, and that you can go into any village and obtain a letter of credit, which is almost an illegible scrap of paper, but it is received in the regular course of trade in any other part of India. It would have been interesting if Sir Richard had told us whether any advice is forwarded in regard to these letters of credit, or how they are managed and manipulated. The suggestion which Sir Richard Temple has made that subscriptions to the State loans should be encouraged among all classes in India is of considerable importance. It is a plan, I think, that ought to be encouraged. It would contribute to the greater stability of the Government, and would be the means of interesting its inhabitants in the prosperity and welfare of that country, because they would have a personal stake in the success of India.

Mr. WILLIAM FOWLER, M.P. : The address we have heard from Sir Richard Temple affords an illustration of the advantages of an Institute like this, enabling us, as it has done now, in the case of India, to compare the customs of other countries with our own as regards banking, in which we are specially interested. A point of general interest will be found, I think, in a comparison of the relative wealth of the two nations of India and England. It has been often a curious speculation what the real income of this Empire of Great Britain and Ireland is. Mr. Gladstone once put it, I believe, at £1,000,000,000, and Sir Richard

Temple calculates it at £1,200,000,000 (Sir Richard Temple: On Mr. Giffen's authority). It is difficult to say which is right; but it is rather a curious reflection that the income of Great Britain and Ireland amounts to about £30 per head for the whole of the population; while in India, if Sir Richard Temple is right, the income is only about £1 per head for the whole people—men, women, and children—of that vast country. The contrast is remarkable, and it is at first sight a little astonishing that in a country so relatively poor there should be so large a development of banking. One is accustomed to associate banking with the great wealth of a country, but it would seem as if the necessities of India have led to the great development of banking in that country. But as I understand it, these banks of India are not banks in our sense of the word at all. They do not take one man's money and lend it to another, but they lend their own capital, an operation which is really not, in our sense of the word, banking at all. It is more like what I believe prevails largely on the continent of Europe. There are many people in Paris who have hardly any deposits, and yet call themselves bankers, and use their own capital in buying and selling securities in various undertakings. Another point strikes me as curious in connection with the banking habits of India. We had a little debate the other day in the House of Commons, in which Sir John Lubbock and I took part, and a good deal was said about the circulation. I ventured to make the remark that the mere use or circulation of bank notes was nothing in this country in comparison with the business of the country, and that the vast amount of business in this country was done not by money, but by things which represent money—by cheques and bills and other expedients of that kind. I think it will be admitted by everybody in this room that we do most of our business practically without money. We could not do entirely without money, of course, but we could not, on the other hand, constantly carry about bank notes and hand them over to other people to any important extent compared with the whole of the business transacted. It is very curious that in India, where the banking system is so extremely different to our banking system, the use of cheques does not exist, but that they use these bills of exchange as money just as we use bills of exchange to some extent among ourselves. There is really, therefore, a remarkable similarity in the habits of the two countries in this particular matter. In regard to the question of silver, what is the condition of India at this moment? We have had before us lately the question of bi-metallism—the use of silver or gold, or both. I gather from Sir Richard Temple's statement that he is a little affected with what some of us call the heresy of bi-metallism. (Sir Richard Temple: No, no.) Well, I am a bi-metallist in a modified form, but I am afraid some people who call themselves bi-metallists would think me a

weak member. I want to know what is the probability of there being any large demand for silver in a short time. I think this lecture would have been useful if it had done no more than bring out this one fact—that we cannot look for any great demand or any great immediate absorption of silver in India. India possesses already a very large quantity of silver, and her consumption of silver is so very moderate that we must not look to her as a great absorber of that metal. We cannot too strongly feel the great importance of anything occurring in India which would keep up the value of silver. The English Government, I think, would do wrong if they were to do anything which would in any way affect the general value of silver, and so far I am entirely with those who take the bi-metallist view. If we could do anything to maintain the relation intact and continuous between silver and gold we ought to do it, because we are the greatest users of gold, and perhaps of silver, anywhere—perhaps not quite the greatest, but certainly we use almost as much gold as any other country in our internal circulation, while as possessors of India we use almost as much silver as any other country, except perhaps China. I do not know whether Sir Richard Temple can throw any light on that point. We sometimes forget that we are as deeply interested in the one metal as in the other, and we do not want to do anything which shall cause any confusion in the value of gold. I gather that for the moment we must not look for any great extension in the demand for silver in India. Under those circumstances we shall have to follow the best light we can get on this difficult question; but I cannot help hoping that before very long we shall arrive at some method which will obviate the present state of things, which has brought considerable loss upon our Indian finances. I believe myself that if the countries of Europe who have been in the habit of coining silver were to resume that coinage, it is very likely matters would settle down; but I am not one of those who believe that the relative value of gold and silver can be permanently maintained by any hocus-pocus of any of the legislative bodies in the world. I believe you cannot avoid extraordinary circumstances as to discoveries of gold and silver, and extraordinary results following therefrom, whatever you may say and do, and I for one do not want the debtors of this country to pay in silver or in gold as may best please them.

Mr. G. E. BARNARD : In the discussions which have lately taken place with regard to the abundance of silver, a suggestion has been made that the Indian Government should no longer mint silver for the public, but solely on Government account, and only to such extent as they might consider necessary for current purposes. The effect of that would be to greatly raise the value of the *coined* silver existing in India, and one of the dangers attending such en-

hancement of value would be the possibility of counterfeit coin being put in circulation. By counterfeit coin I do not mean base metal, but silver coined by private persons. The Natives are great adepts in the art of counterfeiting; and it has occurred to some that possibly silver being so cheap might be coined by Natives in India into rupees of the same weight and the same intrinsic value as the Government rupee, and be passed into circulation to the great gain of the counterfeiters. Perhaps Sir Richard Temple would kindly inform us whether he considers there is any ground for such fears.

MR. JOHN SMITH: One of the suggestions made by Sir Richard Temple in his concluding observations was that we should use our influence to effect an alteration in the law of India as regards debtors and creditors. That struck me particularly, because I have had some experience of that law in India. I hope I shall not be considered a monomaniac on one particular subject; but I should like to ask Sir Richard Temple to give us some information upon the effect of the introduction of our system of bankruptcy in India—its effect upon the relations between the Native debtors and creditors. When I was in India, in 1862, our European ideas of bankruptcy were quite unknown, and from my experience in the Presidency Bank of Bombay I can entirely confirm the opinion of Sir Richard Temple as to the high credit of the Native bankers, particularly in regard to these *hundys* which used to be passed by the Presidency banks, simply on their being ascertained to be genuine, without any reference to the parties by whom they were issued; and it is believed that a *hundy* was hardly ever known to be dishonoured. Subsequent to that time, however, the cotton famine broke out, and the failures in India were so great that the Government had to pass a special Bankruptcy Act, in which, I am sorry to say, they introduced many of the very principles of which we are now complaining in our English system of bankruptcy. The result was that for some years the Natives, both Hindoos and Parsees, suffered considerably in regard to their credit, and the Native bankers did not enjoy so high a reputation as they had previously done. How far their credit has been restored since, and how far the system of bankruptcy in India now affects the relation between debtors and creditors in India I do not know: but perhaps Sir Richard could give us some information on the point.

SIR RICHARD TEMPLE: I will endeavour to answer these questions as well as I can considering the shortness of time. Mr. Martin first asked whether the old Native coinage is still much in circulation. It is not much in circulation in British territory, but it circulates in considerable quantities in the Native States, and it is chiefly used for the purposes of hoarding, though numbers of these coins may be found in the bazaars and market places of all the principal towns of India. I think Mr. Martin asked if they are

to be seen in cabinets. I should say not, except in cabinets of Europeans, who are curious on this subject. But I would remind you that a quantity of these Native coins must be out somewhere in the hands of the people. I have shown you there must be at least forty-eight millions by one category and thirty millions by another, which is less certain, and, also, that there cannot possibly be less than ten millions of gold coins out in the same manner. Therefore, you can readily understand it is not a question for curiosity shops or cabinets. As regards the cowrie shells, they circulate all over the country, without exception, from one end of India to the other. I am asked whether the annual value of the consumption of precious stones in India can be stated. The annual importation of precious stones into India is inconsiderable. There are certain well-known mines of diamonds in the province of Bundelcund and certain pearl fisheries in the Persian Gulf, and in the Ceylon Straits. I was asked as to the character and language of the *hundy*, whether it is entirely a separate language of its own, or whether it is based upon the existing characters which are in vogue in India. It is not, perhaps, in the strictest sense a language of its own. The language is a sort of dialect of the ancient and fundamental language of India. It is a dialect of the Hindee, and its character is also founded upon the Hindee character. But, though I know it is of the Hindee character, still I cannot read it, nor can the ordinary Native read it, though we may both be acquainted with the language. The question was asked, whether advices are given on these when they are issued? and, also, whether these letters of credit, or circular letters, are issued after advices. I believe that generally they are issued in that way. The improvement of the law between debtor and creditor formed the subject of further enquiries. The improvement of the law between debtor and creditor, which I alluded to, was the law between money lenders and the peasantry of India. I was not thinking, when I used this expression, of the law in the Presidency towns and great centres of trade. I was speaking of the Indian peasantry and their relations with many of the landed classes. That is a very large subject, and one, perhaps, which I may deal with on some future occasion, but it would be hopeless for me to enter upon it now. But as regards the question another gentleman put, namely, whether our bankruptcy laws have at all demoralised the Native bankers in the Presidency towns, I must sorrowfully admit that they unquestionably have, for there are now-a-days—of recent years—both at Bombay and Calcutta, flagrant and scandalous instances on the part of some of the Natives—misconduct which, in former generations, was entirely unknown. We must expect that civilization brings blessings on its wings and some things which are not blessings, and this is an unhappy instance. It is impossible for me to exaggerate the shocking instances which come up in bank-

ruptey cases and in which some of the very richest Natives in Western India have been concerned and that in the most recent years. I think, as regards spurious coins, that it would be quite impossible for the Natives of India to imitate our coinage. It would require a degree of skill and capability and knowledge and experience which are quite unattainable by the Native. Moreover, a mint of that kind is a sort of establishment which cannot possibly be concealed. The Natives, however, are very clever in imitating, and they have imitated our currency notes often in a manner to deceive the most experienced, nevertheless I cannot call to mind very successful imitations, to any extent, of British coins. Of course, excellent coins are issued from the mints of Native States, but these are recognised mints, and they get assistance from the British Government. The British Government is going to make a convention with the Native States whereby the Native rupees shall be coined at the British Mint in all respects the same to a fraction as the other coins, and differing only in the image, the superscription, and the device, which will be substituted for the image of Her most gracious Majesty Queen Victoria, Empress of India. With reference to the very interesting remarks which fell from Mr. Fowler, that gentleman's view of what I meant to say is entirely correct. The estimate of the relative average wealth per head of the Natives of India and the people of England is exactly as Mr. Fowler understood it. I am also glad to see that I so far made my substantial meaning clear that Mr. Fowler fully understood me to imply that India is not likely to absorb any large amount of silver. That is the gist of my observations and the burden of my song. I think I conclusively showed that there is every reason to think, in quiet times, that India will absorb a small quantity of silver, but at any moment events may happen, political, social, economical, commercial, which may cause a sudden influx of silver into India—a war or famine, or some change in the products of the world, which suddenly causes an augmentation of exports from India, thus causing a drain of silver towards India from other countries. These are circumstances which cannot be foreseen by anybody. It was in order to put that point most clearly before this learned Institute that I entered upon that long statement. I am anxious to state that I used the term "bankers" in a popular sense, but I was careful to explain that, strictly speaking, there are no indigenous bankers in India. What we there call bankers are either money lenders, lending either upon landed security, or other property, or agricultural produce, or else are ordinary merchants. The *hundys* of which I have spoken are not used for ordinary purposes of banking, but for conducting the great inland trade in agricultural produce, and also in industrial products.

## THE ANNUAL GENERAL MEETING.

*REPORT of the COUNCIL for the FINANCIAL YEAR ended 31st December, 1880, and for the SESSION 1880-81, to the 30th April last, presented at the THIRD ANNUAL GENERAL MEETING of the INSTITUTE OF BANKERS, held at the Theatre of the London Institution, Finsbury Circus, E.C., on the 18th of May.*

The President, SIR JOHN LUBBOCK, BART., M.P., in the Chair.

The circular convening the meeting having been read, the following report was then read :—

### REPORT OF THE COUNCIL.

The Council congratulate the Members on the highly satisfactory progress of the Institute during the period which has elapsed since the last Annual Meeting. The register of Members now contains the names of—

8 Life Fellows,  
315 Fellows,  
3 Life Associates,  
420 Associates,  
1,020 Ordinary Members.

The list of the names, which was given in the Journal for March last, will clearly show the influential support which the Institute has received, not only throughout the United Kingdom, but also in the Colonies.

It will be noticed that, whilst there is a considerable increase in the number of Fellows and Associates, there is a decrease in the number of Ordinary Members.

This may, in a measure, be attributed to the increase in the subscription of the latter class, the necessity of which was clearly shown at the last Annual Meeting, and also to the alteration in Clause V. of the Constitution, which enables those Ordinary Members and others who possess the necessary qualifications to put themselves forward for election as Associates.

Since the last Annual Meeting eight ordinary meetings have been held, at which the following papers have been read :—

### SESSION 1879-80.

FRIDAY, 26TH MAY, 1880.—Mr. John Smith read a paper on "Practical Suggestions for the Improvement of Bankruptcy Law

in England, chiefly founded on a comparison of the Scotch and English Acts."

In conformity with notice given, this meeting was afterwards made special for the purpose of confirming the minutes of the Annual Meeting, by the confirmation of which the new Constitution of the Institute came into force.

#### SESSION 1880-81.

WEDNESDAY, 20TH OCTOBER, 1880.—Mr. Frederick Pollock read a paper on "The Law of Partnership in England, with special reference to proposed Codification and Amendment."

WEDNESDAY, 17TH NOVEMBER, 1880.—Mr. John Dun read a paper on "The Law of Value."

WEDNESDAY, 15TH DECEMBER, 1880.—Mr. Robert W. Barnett read his paper (being the Prize Essay for the past year) on "The Effect of the Development of Banking facilities upon the Circulation of the Country," including (for the purposes of this enquiry) under the term "circulation," bank notes, country bank notes, cheques and bills.

WEDNESDAY, 26TH JANUARY, 1881.—Mr. M. D. Chalmers read a paper on "The Codification of Mercantile Law, with especial reference to the Law of Negotiable Instruments."

WEDNESDAY, 16TH FEBRUARY, 1881.—Mr. Arthur Ellis read a paper on "The Clearing System applied to Trade and Distribution."

WEDNESDAY, 16TH MARCH, 1881.—Mr. Henry Dunning Macleod read a paper on "The Modern Science of Economics."

WEDNESDAY, 20TH APRIL, 1881.—Mr. John Smith read some notes on "A Bill to amend the Law relating to Bankruptcy."

This Bill was introduced into the House of Commons by Her Majesty's Government on the 8th April.

Interesting discussions have, in most instances, arisen from the papers, among which, those upon the Amendment of the Law of Bankruptcy; the Codification and Amendment of the Law of Partnership; the Codification of Mercantile Law; and the Government Bankruptcy Bill; may be especially mentioned.

#### BANKRUPTCY REFORM.

As the result of the discussion on Bankruptcy Reform, and in compliance with the resolution of the Institute passed at the same



meeting, the Council prepared a memorial on this subject to the Prime Minister, which received the unanimous assent of the London bankers, of several of the leading mercantile firms, more or less engaged in banking transactions, of the principal discount houses, and of the foreign and colonial banks having offices in London. The memorial was duly communicated to Mr. Gladstone, who replied that the question of bankruptcy reform was under the careful consideration of Her Majesty's Government, who had already given directions for the preparation of a measure. Subsequently the Council drew up a series of suggestions, harmonising the points urged by the Institute in their memorial with such of those suggested by the Incorporated Law Society and others, as the Council were prepared to adopt. On the 15th December a deputation of the signatories to the memorial, together with one representing the Country Bankers, waited on the President of the Board of Trade, to whom the preparation of the Government measure had been entrusted. The deputations were introduced by Sir John Lubbock, who based his observations on the memorial, and the suggestions of the Institute.

The full text of the memorial, of the suggestions of the Council, and other information relating to this subject has been recorded in the *Journal*.

The Government Bill was introduced into the House of Commons by Mr. Chamberlain, on the 8th April, when it was read a first time, and it will be seen that the views which the Institute has maintained have been generally incorporated in the measure. The various points have been clearly detailed in Mr. John Smith's able paper, read on the 20th April last.

## THE LAW OF PARTNERSHIP.

A Bill having for its object the Consolidation and Amendment of the Law of Partnership, by which it was proposed to effect considerable changes in the existing law, was last year introduced into the House of Commons, at the instance of the Association of the Chambers of Commerce. The attention of the Council was directed to the nature of the proposed amendments, in a letter from the Board of Trade, and with a view to inform themselves fully on the subject, they invited Mr. Frederick Pollock, who had drafted the Bill, to read a paper on the Law of Partnership in England before the Institute. In consequence, however, of the pressure of public business, the Bill did not become law, but it is hoped that the Government may deal with this question during the present Session. Mr. Pollock's paper, with the attendant discussion, was reported in the *Journal* for December last.

## CODIFICATION OF MERCANTILE LAW.

In accordance with the unanimous expression of opinion elicited in the discussion on Mr. Chalmers' paper, the Council resolved to take immediate action as regards the codification of the laws relating to bills of exchange and cheques. To this end they placed themselves in communication with the Association of the Chambers of Commerce, who have greatly interested themselves in this question, for the purpose of arranging joint action in the matter. The Council are now able to announce the cordial acceptance of their proposals by the Association, who have consented to share with the Institute the expenses of drafting a Bill. This duty has been entrusted to Mr. Chalmers, and considerable progress has already been made.

It is proposed to introduce the Bill into Parliament during the present Session under the joint sponsorship of the Institute and the Association of the Chambers of Commerce.

## POSTAL ORDERS.

In addition to the questions connected with the papers read, the nature of which has been already indicated, the attention of the Council has been especially directed to the extreme inconvenience and delay occasioned to bankers and their customers generally by the restrictions imposed under the regulations issued by the Postmaster-General, in December last, on the payment of the new Postal Orders, when presented through a banker, but not imposed when presented at post offices by the public. A memorial, which was prepared by the Council, was signed by the leading bankers throughout the United Kingdom, urging the repeal of the regulations, and was forwarded to the Postmaster-General on the 24th March.\*

## PER PRO ENDORSEMENTS TO CHEQUES.

Referring to the discussion on this subject, mentioned in their last Report, the Council have, as opportunities presented themselves, used their best efforts to promote uniformity of practice among Bankers in regard to these endorsements, and they are now able to announce the adoption of the English and Scotch practice by the Irish Banks, thus assimilating, in this respect, the practice of Bankers throughout the United Kingdom.

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\* The answer of the Postmaster-General will be found in page 371 of the *Journal of the Institute* for June last.

The Council have, also, from time to time received a considerable number of "Questions on Points of Practical Interest," which, after due consideration, have been answered through the medium of the *Journal*.

The Council feel that they have every reason to congratulate the Members on the character of the work which has been undertaken, and on the position which has been maintained by the Institute during the past year. The papers and discussions have in most cases been calculated to elicit valuable information on subjects of immediate interest to the Banking and Mercantile Communities. The Meetings have been well attended, and the interest taken in the proceedings of the Institute has been well sustained.

The *Journal of the Institute* has been issued continuously, except in the months of September and November last, and the Council are encouraged to believe that it has met with appreciation,—a belief confirmed by the increasing sale of the *Journal* which, in addition to the copies circulated among all classes of Members, has, in the past year, reached a sum of more than £73.

It will have been noticed that in addition to a record of the transactions of the Institute, the *Journal* has been further developed by the publication of other valuable information on subjects of frequently recurring interest to bankers generally; and its contents are readily ascertainable by a reference to the exhaustive index which was appended to the December number of last year.

The Council take this opportunity of again recording their strong sense of indebtedness to the Honorary Editor for his valuable services.

The results of the Examinations for the Certificate of the Institute held in May last were generally satisfactory. The total number of candidates was 46, and of these 39 presented themselves to the examiners.

The special examination, carrying, on this occasion, the Certificate of the Institute, was passed by two Members, and the preliminary examination, which must be followed by another of a more advanced character at the interval of a year to complete the course, was passed by fourteen Members. Other Members availed themselves of the regulation which permits them to take one or more of the subjects only, and to complete the course at subsequent examinations. The names of the successful candidates, and copies of the examination papers, will be found in Part XI. of the *Journal* (Vol. I.) Nine of the successful candidates were Members located in country banks, who took advantage of the arrangements which had been made for the conduct of examinations in their neighbourhoods.

The most cordial thanks of the Council are due to the several gentlemen who kindly consented to act as local superintendents on these occasions, by this means placing the Examinations within the reach of many Members who would have been precluded from availing themselves of the scheme had the examinations been exclusively confined to London.

The subject of the Prize Essay for the year 1880 was—

“The effect of the development of banking facilities upon the circulation of the country.”

The first prize of £20 was awarded to Mr. R. W. Barnett, who it will be remembered was also the author of the prize essay for the previous year. No second prize was awarded in this competition.

It will have been noticed that Mr. Barnett's very able essay is included in the list of papers read before the Institute.

The subject of the Essay for the present year is—

“An outline of Bankruptcy Legislation in England during the present century, together with that of some of the principal countries of the world; with a comparison of the objects sought for and the results obtained.”

During the period under review, many valuable additions, both by donations and purchases, have been made to the Reference Library. The arrangement for the accommodation of the Library in that of the London Institution is still in force, and continues to give satisfaction.

As indicated in their previous Report, the question of extending the benefit of the Library to Country Members has again occupied the attention of the Council, and they are now glad to announce the purchase of a few copies of the more expensive works recommended in the Examination Syllabus. These books will, in the first instance, be placed at the disposal of those Country Members who signify their intention of preparing themselves for the Institute's Examinations, and, if found more than sufficient for that purpose, their use will be extended to the general body of Country Members. The conditions attached to the circulation of these books will be given in an early number of the Journal.

The Treasurer's Account and the balance-sheet of assets and liabilities to the 31st December, 1880, are subjoined.

It will be seen that the financial condition of the Institute has progressed satisfactorily. The net receipts have been £1,564. 5s. 5d.,

as against £1,377. 11s. 11d. in the preceding year: and the reserve fund, which a year ago was £105, has been increased to £189 by the investment of additional life subscriptions.

Whilst, however, the receipts have more than realised the expectations of the Council, it will be observed that the balance in hand, on the 31st December last, as compared with the previous year, shows a reduction of more than £50—a result which was anticipated in the last Report to an even greater extent than has been the case. But it should be remembered that, although the receipts for the past year have included several new Members' subscriptions at the increased rate, the increase only took effect, as regards the original Members, from the 1st January last.

The Council are now able to announce that nearly one thousand Ordinary Members have paid the increased subscription—a fact which, taking into consideration the large additions to the register of Fellows and Associates, fully assures the financial position of the Institute for the current year.

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The following list of Fellows proposed as Officers and Council of the Institute for Session 1881-82 is, in accordance with the eighth clause of the Constitution, submitted for the consideration of the Meeting. Those marked \* are either new Members or retiring Members who offer themselves for re-election :—

**President.**

\*SIR JOHN LUBBOCK, BART., M.P., F.R.S.

**Vice-Presidents.**

- \*R. C. L. BEVAN, Esq.
- \*W. BECKETT DENISON, Esq.
- \*DONALD LARNACH, Esq.
- \*SAMPSON S. LLOYD, Esq.
- \*SIR CHARLES H. MILLS, BART., M.P.
- \*GEORGE RAE, Esq.
- \*THOMAS SALT, Esq.
- \*SIR SYDNEY H. WATERLOW, BART., M.P.

**Treasurer.**

\*RICHARD B. MARTIN, Esq., M.P.;

**Council.**

- |                              |   |
|------------------------------|---|
| H. F. BILLINGHURST .. ..     | London and Westminster Bank, Limited.                 |
| JOHN H. BUTT .. ..           | Australian Joint Stock Bank.                          |
| HAMMOND CHUBB .. ..          | Bank of England.                                      |
| ROBERT DAVIDSON .. ..        | Bank of Scotland.                                     |
| JOHN DUN .. ..               | Parr's Banking Company, Limited.                      |
| *CHARLES CHAMBERS .. ..      | Provincial Bank of Ireland.                           |
| *R. N. FOWLER, M.P. .. ..    | Messrs. Dimsdale and Co.                              |
| *J. HOWARD GWYTHYR .. ..     | Chartered Bank of India, Australia and China.         |
| *LUKE HANSARD .. ..          | Messrs. Martin and Co.                                |
| *W. F. NARRAWAY .. ..        | London Joint Stock Bank                               |
| *WILLIAM HOWARD .. ..        | London and County Banking Co., Limited.               |
| A. G. KENNEDY .. ..          | City Bank, Limited.                                   |
| W. C. MULLINS .. ..          | Chartered Bank of India, Australia and China.         |
| R. H. INGLIS PALGRAVE .. ..  | Messrs. Gurney and Co., Gt. Yarmouth.                 |
| CHARLES T. PRAED .. ..       | Messrs. Praeds and Co.                                |
| F. G. HILTON PRICE .. ..     | Messrs. Child and Co.                                 |
| D. T. ROBERTSON .. ..        | Chartered Mercantile Bank of India, London and China. |
| T. G. ROBINSON .. ..         | National Provincial Bank of England.                  |
| HON. H. D. RYDER .. ..       | Messrs. Coutts and Co.                                |
| ROBERT SLATER .. ..          | Union Bank of London.                                 |
| JERVOISE SMITH .. ..         | Messrs. Smith, Payne and Smiths.                      |
| A. A. DE L. STRICKLAND .. .. | Messrs. Hoare.  |
| HERBERT TRITTON .. ..        | Messrs. Barclay and Co.                               |
| ROBERT WILLIAMS, JUN. .. ..  | Messrs. Williams, Deacon and Co.                      |

RICHARD BIDDULPH MARTIN, Esq., M.P., Treasurer, in account with THE INSTITUTE OF BANKERS,  
for the year ended 31st December, 1880.

Dr.

Cr.

	£	s.	d.	£	s.	d.
To Balance, as per last Statement...	318	8	1			
" Life Subscriptions—						
" 4 Fellows at £21.....	84	0	0			
" Annual Subscriptions—						
" 275 Fellows at £2 2 0 .....	577	10	0			
" 28 " 1 1 0 .....	29	8	0			
" 383 Associates 1 1 0 .....	402	3	0			
" 36 " 0 10 6 .....	18	18	0			
" 1,367 Members 0 5 0 .....	339	5	0			
" 23 " 0 5 3 .....	6	0	9			
" 19 " 0 10 6 .....	9	19	6			
Examination Fees .....	1,383	4	3			
" Sale of Journal .....	11	11	0			
" Income from Investments .....	73	7	8			
" Annual Subscriptions, 1881, paid in advance	12	2	6			
	13	2	6			
By Expenses, namely:—						
Rent of Offices .....	131	2	8			
London Institution .....	100	0	0			
Secretary's Salary .....	200	0	0			
Occasional Clerk .....	44	11	7			
Printing and Stationery ...	629	9	5			
Advertising .....	39	1	0			
Reporting .....	27	0	6			
Solicitor and Counsel .....	62	12	8			
Postages.....	109	12	4			
Examination Expenses ..	77	14	0			
Prizes for Essays .....	50	0	0			
Petty Cash and Sundries	12	10	9			
	1,484	3	11			
By cost of Furniture for Offices.....				8	5	0
" Cost of Books for Reference						
Library .....	51	5	4			
" Purchase of £79. 17s. 2d. Metropolitan 3½ per Cent. Consolidated Stock .....				84	0	0
" Cash at Bankers.....	263	2	6			
" Petty Cash in Secretary's hands	4	19	3			
	268	1	9			
	<u>£1,895</u>	<u>16</u>	<u>0</u>			

*Balance Sheet of Assets and Liabilities, 31st December, 1880.*

**LIABILITIES.**

	£	s.	d.
Annual Subscriptions paid in advance .....	13	2	6
Balance in favour of the Institute .....	783	19	3

**ASSETS.**

	£	s.	d.
Cash at Bankers .....	263	2	6
„ in Secretary's hands .....	4	19	3
Investment, as per last Statement ...	105	0	0
Purchase of £79. 17s. 2d. Metropolitan 3½ per cent. Consolidated Stock .....	84	0	0
Cost of Office Furniture, as per last Statement .....	113	6	6
Additional Purchases .....	8	5	0
Less amount written off .....	121	11	6
Cost of Books for Reference Library, as per last Statement .....	59	0	5
Additional Purchases .....	51	5	4
Less amount written off .....	110	5	9
Journals in Stock. Estimated value at cost price	90	0	0
	150	0	0

£797 1 9

£797 1 9

Audited and found correct, JAMES M. BARNES, Messrs. Barclay & Co., }  
CHAS. WICK, London and County Bank, } AUDITORS.

2nd February, 1881.



The PRESIDENT : It is my duty now to move the adoption of the report and accounts ; and we shall presently have to elect the officers for the coming year. I need not say that upon your choice of officers the prosperity of the Institute will very much depend. I shall not detain you with any lengthened remarks on the report which has been laid before you. The Council considered whether it would be convenient that the President should give an address upon this occasion ; but on the whole it was thought, at any rate this year, as we should have an interesting address from Sir Richard Temple, it would not be convenient that there should be another address by the President. At the same time, in moving the adoption of the report, I may be allowed to congratulate you and ourselves upon the interest of the various papers which have been read at our different meetings, and I am sure that I may express in your name to the authors of those papers our thanks for their valuable contributions. We are also deeply indebted to Mr. Hammond Chubb for his kindness in editing the *Journal*, which is a matter of no slight labour, and has been most admirably conducted. During the past year we have taken in hand several matters which we thought might be of advantage to the banking community ; and I have to say in regard to the "Postal Orders," that the Postmaster-General has very kindly met our views, and has consented to an arrangement which I think will render them as little inconvenient to bankers in general as they can be made, although, of course, the circulation of very small orders, involving a number of entries for trifling amounts, must always be a serious matter for us. We have to regret the unfortunate death of Mr. Seyd, who took so useful an interest in all banking matters, and who not very long ago communicated to us an interesting paper. There are other matters to which I might allude, but they are very clearly stated in the report. I cannot help hoping that the report itself, and also the balance-sheet, will be satisfactory to you. Putting myself entirely on one side, I can truly say that the members of the Council have spared no endeavour to promote the prosperity of the Institute, and I cannot omit mentioning the very valuable labours of our Secretary, Mr. Dayrell Reed. I will now move "That the report of the Council, the Treasurer's account, and the balance-sheet of assets and liabilities be adopted, entered in the minutes, and printed in the *Journal*."

Mr. H. F. BILLINGHURST : I have much pleasure in seconding the motion.

Mr. BASTABLE suggested that it would be more convenient if the annual meetings were held on some evening when no paper was read, inasmuch as too short a time was allowed for discussion, and many of the members left the room after the paper had been read. He called attention to the fact, that when the Institute was founded,

one of the objects was stated to be the delivery of lectures on the subject of banking; but in October the words used in the official documents were, "When desirable recognise and arrange for the delivery of lectures." But since March last he observed that all reference to lectures had been entirely omitted in the outline of the object of the Institute; and the fact that these lectures had been abandoned had, he thought, led to the resignation of a large number of the younger members. He supported this statement by showing that in August, 1879, the total number of Ordinary Members was 1,266. In March, 1881, there were 190 fresh names, making a total of 1,456. Of these 24 had been elected Associates, and they had been informed in the report that nearly 1,000 Ordinary Members had paid the increased subscription. It would, therefore, appear that 432 Ordinary Members had resigned. He could not imagine that so many had resigned solely because the subscription was raised, and he came to the conclusion that the Institute was losing popularity among this class because it was not made sufficiently interesting to them. He called attention to the fact that there were in the London banks and their branches some six or seven thousand junior officers who were eligible to become Ordinary Members of the Institute, if it were made sufficiently attractive for them. He would, therefore, move an addition to the motion for the adoption of the report, to the effect that it is desirable to make arrangements for a course of lectures on Banking, Political Economy and Commercial Law.

After some remarks from Dr. Bithell and Mr. Robb:—

The PRESIDENT said, in reply, I am very much disposed to agree with Mr. Bastable that it would be well to hold our Annual Meeting on an evening by itself, and not to combine it with another meeting; but the members present will recollect that we had hoped to have had Sir Richard Temple's paper at our last meeting, in which case this evening would have been devoted to the Annual Meeting. Then, as regards the number of Ordinary Members, I think Mr. Bastable takes an unnecessarily gloomy view of the matter. We must expect in so large a body a certain number of resignations; but, on the other hand, the accession of new Fellows, Associates, and Ordinary Members has nearly made up for it. And when it is considered that the Ordinary Members' subscription was very considerably raised, I must confess that I am only surprised that the number did not fall off more. I think we may reasonably hope that in that respect the prosperity of the Institute really does not call for any apprehensions on our part. With reference to the question of the lectures, I have no doubt the Council will again consider the matter, and they will be happy to hear the views of other members of the Institute. Perhaps Mr. Bastable will feel that he has done sufficient in his having ventilated the question.

Mr. R. B. MARTIN: Mr Bastable's suggestion in regard to

lectures is a proper one for consideration ; but I wish to assure members that it is a point which has by no means escaped the notice of the Council. They have often given the matter the most careful consideration, and it is only when the subject comes to be closely examined that the difficulties appear. There is that ever-present stumbling-block of finance. If lectures are delivered, they must be given by gentlemen of the highest attainments, whose opinions will command universal respect ; and the cost of obtaining such lectures and publishing them for the benefit of country members would be greater than is generally supposed. Indirectly, much has been done, for whilst in London first-class lectures are to be found on all the subjects falling within the scope of the Institution, arrangements have been made with leading educational institutions in many of the large centres of population in the country that lectures and classes should be held in similar subjects ; and then, it will be remembered, our examinations come in, and test, under the supervision of practical and eminent professors, the results of study, wherever they may have been attained. As regards the discussions, it has always been my earnest wish that the younger members should take part in them ; and it has been my endeavour, as I am certain it has been of every gentleman who has occupied the chair, to overcome that backwardness which unfortunately but not unnaturally exists amongst them to come forward on such occasions.

Mr. BASTABLE having withdrawn his amendment :—

The motion for the adoption of the report and the accounts, was put and carried unanimously.

Mr. R. Slater and Mr. John Smith having been appointed scrutineers, a ballot was taken, and on presentation of their report, the President announced that the gentlemen named in the printed list submitted in the report of the Council were unanimously elected as the Officers and Council of the Institute for the ensuing year. He begged to thank the members for the honour they had reposed in him in re-electing him President ; and, on the part of himself and the other members of the Council, he assured them that everything they could do should be done to promote the prosperity of the Institute.

On the motion of the President, seconded by Mr. R. B. Martin, a cordial vote of thanks was given to Mr. J. M. Barnes and Mr. Charles Wick, the auditors for the past year.

Mr. Barnes and Mr. Wick, on the proposal of Mr. E. J. Gouly, seconded by Mr. G. E. Barnard, were then unanimously re-elected auditors for the ensuing year.

Mr. J. SMITH proposed a vote of thanks to the Council and Officers of the Institute, coupling with it the name of Mr. Dayrell Reed, their able secretary.

Dr. Bithell seconded the motion, which was carried unanimously.

The President briefly acknowledged the vote, and the meeting was then adjourned to the third Wednesday in October.

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## THE GOVERNMENT BANKRUPTCY BILL.

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The following letter has been addressed by the Council to the President of the Board of Trade:—

THE INSTITUTE OF BANKERS,  
11 & 12, CLEMENT'S LANE, E.C.  
21st June, 1881.

SIR,

The Bankruptcy Bill, which has been recently introduced into Parliament, has received the very full and careful consideration of the Council and Fellows of the Institute of Bankers, and I am instructed to submit for your consideration some of the points on which, in their opinion, the Bill requires amendment.

The subject was dealt with at a meeting of the Institute, held on the 20th April last, when a paper was read and discussed, and various suggestions were made for amendments of detail, and the Council would venture to draw your attention to that discussion, as reported in the May number of the Journal of the Institute, as suggesting valuable materials for such amendments.

The points to which the Council desire me chiefly to ask your attention, are:—

1. The decided tendency exhibited in the Bill towards the establishment of a system of official *administration* of bankrupt estates, a system which is likely to be expensive in itself, and calculated to impair confidence in the official-receiver, in respect of that *supervision* which, in the opinion of the Council, constitutes one of the most valuable provisions of the measure.

2. The absence of a sufficiently detailed series of provisions for the valuation of securities held by partially secured creditors, and the practical exclusion from voting of all endorsees of bills of exchange.

3. The requirements that all funds belonging to bankrupt estates should be paid to the Accountant-General. The Council believe that this provision not only violates the principle on which the Bill is professedly based—viz., that the creditors ought not to be interfered with in the administration of the estate,—but will in many cases prove seriously detrimental to the interests of the creditors, by preventing the trustee from obtaining those business facilities which are frequently essential to the proper realisation of a debtor's estate, and

which can only be obtained in connection with an ordinary banking account; by preventing his obtaining interest for the benefit of the creditors; by necessitating the creation of a new department, under the control of the Paymaster-General, to do work which can be done more conveniently and more cheaply through the banks of the country; and, above all, by its inevitable tendency to postpone the payment of dividends. They see no adequate advantage to be obtained by this provision of the Bill which would counterbalance these serious drawbacks.

The Council desire to express to you their thanks for the care and attention you have devoted to the subject, and trust that you will see your way to adopt the above-mentioned amendments, which appear to them to be of vital importance.

They believe that the Bill, thus amended, would be of great advantage to the commercial community.

I am, Sir,

Your obedient Servant,

G. DAYRELL REED,

*Secretary.*

To the Right Honourable J. Chamberlain, M.P.,  
*President to the Board of Trade, &c., &c.*

## STAMP DUTIES.

*Customs and Inland Revenue Act, 1881.*

[44 Vict., c. 12.]

### MARINE INSURANCE POLICIES.

By Section 44, Sub-section (b), of the above Act, it is enacted that on and after the 1st of June, 1881, the time within which a policy of sea insurance made or executed out of the United Kingdom may be stamped, shall be *fourteen days*, instead of *two months* as provided by the "Stamp Act, 1870."

### \* POSTAGE AND RECEIPT STAMPS.

Section 47 of the same Act enacts:—

"That on and after the first day of June, 1881, any stamp duties of one penny which may legally be denoted by adhesive stamps not appropriated by any word or words on the face of them to any particular description of instrument, may be denoted by adhesive penny postage stamps; and on and after that day postage duties may be paid by the use of penny adhesive stamps not appropriated by any word or words on the face of them to postage duty, or to any particular description of instrument."

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\* See also notice on page 370 of the June number of the *Journal*.

## QUESTIONS ON POINTS OF PRACTICAL INTEREST.

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THE COUNCIL desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved :—

In reference to Question No. XI., in the last number of the *Journal*, and the answer thereto, the following communication has been received from Mr. Thomas J. Smith, of the Manchester and Liverpool District Banking Company, Limited, Cheadle, Staffordshire, treasurer to the Cheadle Union :—

In amplification of the answer given by the Council to the question, "Are Poor Law Unions exempt from stamp-duty on cheques issued by them, and if so, under what Act?" I beg leave to say that cheques drawn upon the Union treasurer by the Guardians *upon Poor Law account* are exempt, but cheques drawn upon the Union treasurer by the Guardians *acting as a Rural Sanitary Authority* are not exempt.

The exemption is in the 86th section of the Poor Law Act, 4 and 5 Wm. IV., cap. 76, which reads as follows: \* \* \* \* "Nor any contract or agreement or appointment of any officer made or entered into in pursuance of such orders or regulations and conformable thereto, *nor any other instrument* made in pursuance of this Act, nor the appointment of any paid officer engaged in the administration of the laws for the relief of the poor or in the management or collection of the poor-rate shall be charged or chargeable with any stamp-duty whatever."

It will also be seen that, besides cheques, all *receipts* given by the treasurer for monies paid to him for the credit of the Poor Law account are exempt; but I have the authority of the Board of Inland Revenue (dated 5th November, 1880), for saying "that the exemption from stamp-duty conferred by the Poor Law Act does not extend to receipts for sums over two pounds given by the Guardians acting as sanitary authorities under the Public Health Act."

QUESTION I.—A Limited Liability Company have an overdrawn account with their banker, and finding their trading requires further capital, they propose to raise it by way of debentures, but without having any intention of clearing off their overdraft.

How does this affect the banker's position? Would such debentures be a first charge on the assets of the company, and rank for payment before his claim in the event of bankruptcy?

ANSWER : There seems to be a very common impression that a company by merely giving a particular instrument the name of "Debenture," confers upon its holder the right, in case of the company's insolvency, to rank upon its assets in priority to the ordinary creditors.

This impression is an erroneous one. In order to give the holders of debentures issued by a company a claim prior to that of ordinary creditors, the assets of the company, or some part thereof, must be specifically charged as security for payment of those debentures, otherwise they are mere acknowledgments of indebtedness on the part of the company, and the holders will, in the event of its insolvency, rank equally with the other ordinary creditors, including in this particular case the bankers.

QUESTION II.—(a) With regard to any balance that may be standing on the testator's account at the date of his death, can one out of two or more executors draw this balance, and give an effectual discharge to bankers for it?

(b) Suppose the account be transferred from the testator's name, and placed in that of the two or more executors, can one executor draw upon this account so as to be a sufficient discharge to the bankers?

ANSWER : In each of the cases put it is believed that one out of two or more executors can draw the balance out, and give an effectual discharge to the bankers for it.

QUESTION III.—Referring to Sub-section (b)\* of Section 38 of the *Customs and Inland Revenue Act, 1881* (STAMP DUTIES), which came into force on the 1st June, Is any obligation imposed upon bankers, before paying money to a survivor in a joint account, to see that probate-duty under that section has been paid?

\* Subsection (b) "Any property which a person dying on or after such day having been absolutely entitled thereto, has voluntarily caused or may voluntarily cause to be transferred to or vested in himself and any other person jointly whether by disposition or otherwise, so that the beneficial interest therein or in some part thereof passes or accrues by survivorship on his death to such other person."

ANSWER: A banker is not a trustee for his customer, but a debtor to him, and, like any other debtor, may by law safely pay over money due upon a joint account to the survivor in that account.

The Act referred to in the question does not alter the law in this respect, and whatever obligation it imposes in regard to stamp duty in the case of a joint account is, by the 39th section, cast not upon the banker, but upon the person who, "as beneficiary trustee, or otherwise," acquires possession of the money. It follows that neither by law nor by the statute is the banker under any obligation to see to the payment of probate-duty in the case supposed.

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QUESTION IV.—A bill of exchange is accepted as follows :—

"Accepted o/a Messrs. A. B. & Co., bankers, Salisbury.  
C. D. & Co.,  
Bankers, London."

*Or—*

"a/c A. B. & Co., bankers, Salisbury,  
20th June, 1880.

"Accepted,  
C. D. & Co.,  
Bankers, London."

Are C. D. & Co. personally liable for payment of the amount of the bill, or are they exempt from liability on the ground that they are mere agents of A. B. & Co.?

ANSWER: We understand that in each case the bill is drawn upon the London bankers, this being so, we think they are personally liable as acceptors. They do not by either form of acceptance repudiate liability, and unless they are liable the acceptances would be altogether null and void, since only the drawee of a bill can be its acceptor.

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## DIVIDEND WARRANTS OF RAILWAY COMPANIES.

THE following correspondence refers to an arrangement lately proposed with a view to simplifying the receipt of Railway Dividend Warrants by bankers on behalf of their customers. It is understood that many of the leading railway companies are prepared to adopt the course proposed.

LOMBARD STREET,  
31st May, 1881.

SIR,

I enclose you particulars of a plan for the simplification of the payment of dividend warrants, which has been adopted by some of the principal railway companies, and approved by the committee of London bankers.

I shall feel obliged if you will submit the arrangement to your Board, and trust it will commend itself to them, as we think it would be an improvement on the present system, and effect a considerable saving both in your offices and in the Clearing House.

If you would wish for any additional details, I should be happy to give you any further information in my power.

I am,

Your obedient Servant,

JOHN LUBBOCK,

*Hon. Sec. London Bankers.*

### ARRANGEMENT REFERRED TO IN THE FOREGOING LETTER.

It is suggested that railway and other public companies should assimilate their practice to the system recently initiated by the Bank of England, and issue to the bankers authorised to collect dividends for their constituents, a memorandum (Form 1) similar to the upper portion of the usual dividend warrant, setting forth the name of proprietor, of the stock or stocks belonging to him, and the dividends payable thereon. But instead of furnishing a cash order for each corresponding amount, that they should supply a list (Form 2) of the several sums payable, and one cheque for their grand total.

These memoranda may be transmitted in the pass book by the banker to each customer, or in such other manner as may be arranged between the bankers and their customers, as evidence of the dividend received from the company.

The memorandum and list annexed are intended to give an outline of the forms that will be necessary, and are, of course, to be considered subject to such modification or alteration as may be deemed necessary to meet the requirements of any company which determines to adopt the proposed system.

**Form 1.**

This Statement to be sent to the Proprietor by his Banker.  
or,  
The Banker is requested to forward this Statement to the Proprietor.

**MEMORANDUM REFERRED TO IN THE ABOVE.**

Name of Company -

MEMORANDUM OF PARTICULARS OF INTEREST FROM 1st January to 30th June, 1881, on the following Stocks.

Proprietor...

[illegible]

I hereby certify that I have deducted for Income-Tax the amount set forth in the above Statement, which will be paid by me to the proper officer for the receipt of taxes. I have also to request that you will communicate to me any change in your residence, that your address may be correctly registered in the Books of the Company.

**E. F.**  
*Secretary.*



## THE SCOTCH BANKS BILL.

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REFERRING to the Treasury minute on this subject, and the reply of the Scotch Banks thereto, which appeared in this Journal for May, pp. 307—317, the following further correspondence has passed, resulting in the withdrawal by the three Scotch banks of the Bill which they had introduced :—

### LETTER FROM THE TREASURY.

TREASURY CHAMBERS,  
4th June, 1881.

SIR,

1. I am directed by the Lords Commissioners of Her Majesty's Treasury to inform you that they have given their most careful consideration to the letter addressed to them on 9th April last by the Bank of Scotland, the Royal Bank of Scotland, and the British Linen Company, on the subject of the Private Bills promoted by those banks in the present session of Parliament. I am to say that they would have returned an answer to that letter some time ago had you not informed them that the representatives of the banks desired a further interview with myself on behalf of the Treasury, and that they would prefer a postponement of the answer until after such interview.

2. I had subsequently, as you are aware, the honour of receiving the representatives of the three banks, and we discussed at some length the questions at issue between themselves and the Treasury.

3. I have laid before the Board your letter of the 14th ult., in which you state that the banks have no proposals to make in addition to those which they submitted to me at our interview, and that they therefore now await the official answer of the Treasury to their letter of the 9th April above mentioned.

4. It may prevent misunderstanding if I state at the outset the proposals or suggestions which I understood the representatives of the banks to put forward in the course of our recent conversation :—(1) They were willing, in return for the grant of extended powers, to deposit Government securities against their fixed issues; and (2) specially to appropriate gold against their notes in circulation over and above those fixed issues. (3) They did not propose any means for bringing the three banks into conformity with that provision of the general banking law which requires Limited banks to take the name of "Limited." (4) They preferred themselves the method of procedure by private bill, but they were willing to con-

sult the Government draughtsman as to the provisions of a public bill extending the powers of the banks upon certain conditions.

5. My lords will, in the first instance, direct their reply to the proposal to proceed by way of private bill, as the subject of more immediate interest to the three banks.

My lords regret to state that their objection to that method of proceeding remains unchanged. If, however, an agreement were arrived at with the banks upon the two main points of issue and title, my lords would be ready to lend their assistance both in framing and passing, if time permitted, a measure giving the banks the extension of power which they seek; nor would my lords object to the banks conferring, as has been suggested, with the Government draughtsman upon the subject, but they think that the principle upon which a measure is to be framed should be decided before the framing of the measure itself can usefully be commenced.

6. The Banks, in their letter of 9th April last, state their objections to the term "limited" as an affix to their corporate designation. They say that they are not certain whether the Treasury, as a condition of obtaining further powers, requires them to register as limited companies under the Joint Stock Acts, or to assume by substantive enactment the affix in question. They add that the first course is impossible, the second inappropriate and unprecedented.

7. My lords would not urge a measure which the banks believe on sufficient reason to be impossible. But they see no reason why a Bill conferring new powers should not require a limited bank adopting those powers to announce its status, and to adopt the title of "Limited."

8. They do not admit the force of the argument which you advance against that condition. The banking law of the United Kingdom requires limited banks generally to make known that fact to the public beyond the possibility of misapprehension. It is true that the three limited Scotch banks, so long as they restrict themselves to their present powers escape the obligation to which other limited banks are subjected; but my lords must hold that Her Majesty's Government are fully entitled to make it a condition of the grant of new powers to these three privileged banks, that they shall not remain an exception to a rule devised in the interest and for the protection of the public.

9. My lords take last into consideration the question of issue, as being in their opinion the most important of all the questions to which the proposals of the banks have given rise. My lords appreciate the difficulty which these banks would encounter, if they endeavoured to impose unlimited liability for their note issues on the present holders of the shares; but my lords must maintain the principle which guided the authors of the Bank Acts of 1844 and 1845, viz., that the right of issuing notes appertains to, and should be controlled by, the State. It has been, accordingly, the policy

of the Treasury to grant no new privilege which would hinder or delay the gradual absorption of private issues, and my lords are not prepared to depart from that policy. They are unable, therefore, to accept the offer of the three banks to base their fixed issue upon Government securities, because it would introduce into private bank legislation a principle which is new, so far as the United Kingdom is concerned, and which has not received the sanction of Her Majesty's Government.

10. My lords, regretting to differ from the banks upon this point, are anxious to offer on their side a suggestion. I called your attention at our interview to the provisions of a Bill dealing with English banks of issue, and brought before Parliament by the Government of Lord Palmerston in 1865. My lords would ask whether the three banks could not adopt the general principle of that measure, and accept a lease of their right of issue for a number of years certain, subject to the payment of a moderate royalty. If the banks should think it not impossible to conclude an agreement upon this basis, my lords would be ready to discuss with them the specific terms of such an agreement, with a view to the embodiment of it in a Bill to be introduced without delay.

11. But although my Lords are prepared to accept a Bill founded upon the principles which have been indicated, they would much prefer that the banks of issue in Scotland should join the Government in considering the terms upon which a State issue of notes having the quality of legal tender elsewhere than at the place and office of issue in Scotland, might be substituted for the present issues by private banks.

12. As my lords have already stated, such a measure must be framed to meet the special requirements of Scotland; the issue of One pound notes would, of course, be preserved, and it would be especially desirable that such an issue should be conducted through the agency of banks in Scotland. If agreement could be arrived at upon these principles, a Bill embodying them might be introduced in the next session of Parliament. The currency of Scotland would then be placed upon a sound basis, and the uncertainty which now prevails as to the future course of legislation on that important subject would terminate.

I have the honour to be, Sir,

Your obedient Servant,

F. CAVENDISH.

W. A. LOCH, Esq.,  
3, WESTMINSTER CHAMBERS, S.W.

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## REPLY TO THE FOREGOING LETTER.

EDINBURGH,  
10th June, 1881.

TO THE RIGHT HONOURABLE THE LORDS COMMISSIONERS OF HER  
MAJESTY'S TREASURY.

MY LORDS,

1. We have the honour to acknowledge the letter dated the 4th inst., addressed by Lord Frederick Cavendish to Mr. Loch, Parliamentary agent of the Bank of Scotland, the Royal Bank of Scotland, and the British Linen Company, on the subject of the bills promoted by these banks in the present session of Parliament. Your lordships' letter has received the attentive consideration of the courts of directors of the banks, and we now respectfully submit the following observations thereon.

2. We regret to learn that your lordships' objection to the method of proceeding by private bill remains unchanged, although, if an agreement were arrived at with the banks upon the two main points of issue and title, you would be prepared to lend your assistance in passing a public measure giving the banks the powers they seek. On this point we would only say that it would be immaterial to the banks whether the end they have in view be attained by public or by private legislation. They are mainly concerned with the conditions to which the extension of powers is made subject.

3. With reference to your lordships' remarks on the question of the adoption of the title "limited," we regret that the considerations set forth in our previous communications have not satisfied the Treasury that the views expressed by us are, as we still humbly think, only just and reasonable.

4. We concur in the opinion expressed by your lordships that the question of issue is the most important now in discussion. Your lordships state that you appreciate the difficulty which we should encounter if we endeavoured to impose unlimited liability on our proprietors for the note issues, but that you are unable to accept the suggestion offered by us with a view to affording absolute security to the public for these issues, viz., to make a special appropriation of Government securities to the extent of our authorised circulation, and of coin to the extent of the remainder of our notes in the hands of the public. Even, however, if the unlimited liability of our proprietors could have been given for the note issues, it would appear that your lordships would still remain opposed to the extension of power we now ask, for it is added that it has been the policy of the Treasury to grant no new privilege which would hinder or delay the gradual absorption of private issues—a policy from which your lordships state you are not prepared to depart.

5. We would ask leave to remind your lordships of the exact

state of the question now in discussion between the Treasury and the banks. The banks asked authority to extend their basis of capital in the only way open to them. This is a power possessed by every bank in the United Kingdom, not constituted by Act of Parliament or charter; it is unquestionably for the advantage of the public, and in no way touches the question of issue. Your lordships meet the request of the banks by the stipulation that the extension of power must be bought by the surrender of their rights of issue. We, of course, admit the power of Parliament to deal with the currency of the country when it thinks proper, with a due regard to existing interests. Further, we would say that when, in the past, Parliament has resolved to deal with such a wide and important question as the currency, the Scottish banks have never been found offering factious opposition, and have always lent their aid in the settlement of such questions on a footing satisfactory to the country. But we do very respectfully represent that, to make the power now asked by the banks—in itself unobjectionable and obviously for the advantage of the public—conditional upon a surrender of their rights of issue, is neither equitable nor politic.

6. We would also remark in regard to the policy of the Treasury in granting new privileges, that we are unable to see in what way the extension of our capital powers as now sought, any more than the enlarged powers granted by Parliament to the Bank of Scotland and the Royal Bank in 1873, or the very important concessions granted to the Chartered Colonial Banks by the Treasury last year, infringes upon that policy; and we may be permitted to observe that Parliament, by the Act of 1879, has granted to every unlimited bank of issue, already possessing the powers we seek, the privilege of limited liability, which certainly was not intended to hasten, and may probably delay, the absorption of private issues. It is true that this privilege has been given subject to the condition that the unlimited banks, after availing themselves of the privileges of the Act of 1879, shall remain, as they always have been, under unlimited liability for their notes. But this condition neither adds to the previously existing security of the public, nor hastens the gradual absorption of private issues. The banks we represent could not give unlimited liability for note issues, but they offered what was a more absolute security, viz., the security of Government stock and coin. Your lordships decline that offer, and the suggestions contained in your letter (para. 10, 11, and 12) make it plain that what is desired is the absolute surrender of our rights of issue, and not security to the public for our notes, for your lordships are willing to grant a "lease" of our rights of issue without any security.

7. Your lordships suggest that we should, on the basis of the bill introduced by the Government in 1865, with reference to English issues, but not passed into law, accept a lease of our rights



of issue for a number of years certain, subject to the payment of a moderate royalty; or, as a preferable course, that the banks of issue in Scotland should join the Government in considering the terms upon which a State legal tender issue of notes might be substituted for the issues of the existing banks.

8. In regard to the former alternative, we beg to remark that we have for a very long period—in one case for 186 years, in another for 154 years, and in a third for 135 years—issued notes which have always been received by the people of Scotland as part of the recognised circulation of the country, and that we have throughout enjoyed their entire confidence, even in times of national difficulty and distrust, and notably so during the crisis of 1878. Further, we say that the rights of issue proposed to be leased to us are already ours, having been enjoyed and exercised under the sanction of the law, and of express grants from the Crown or Parliament for the long periods we have named. We have also to state that the issue of notes has always been an important if not an essential feature in Scottish banking. We are therefore constrained to say that the past history of the three banks, their legal rights, and the conditions under which their business has spread over the country and is now carried on, alike forbid the adoption of the suggestion which your lordships have been good enough to make.

9. As regards the second alternative, we regret that we are unable to enter into any negotiation based upon an immediate surrender of our rights of issue to make way for a State legal tender issue. It would be misleading your lordships were we to allow you to suppose that any issue having the quality of a legal tender would, in our opinion, even if made satisfactory to the banks, be acceptable to the people of Scotland. Moreover, we are thoroughly satisfied that such a change would be more prejudicial to the interests of the public than it would be to the banks, for it would involve a great inroad on the resources of the banks now available for the wants of the country, and would lead to a serious change in the banking facilities afforded to the public, and to the suppression of branch banks in many places where they can be kept up only under the present system.

10. We venture to add, as a reason for not interfering with that system, that no country in the world is better served by its banks, or has greater banking facilities than Scotland.

11. We have thought it right thus explicitly to state our views in regard to the suggestions made by the Treasury, and assuming that the opinions expressed in your lordships' letter are to be regarded as final, further discussion and negotiation would appear to be unnecessary. The terms intimated by your lordships as those on which you are prepared to accede to the powers we seek, are, we are humbly of opinion, such as ought not to be imposed on the institutions we represent; but we feel that it would be in vain to persevere

with the Bills in the face of opposition from Her Majesty's Government. We are forced to this conclusion with the greater regret because we have asked no exclusive privilege, and only desire to enlarge the basis of our capital, manifestly for the public advantage. But the attainment of this end, not only desirable in itself but approved of by your lordships, is prevented by conditions which, we can only say, most respectfully, are unprecedented, and are such as, with proper regard to the important interests entrusted to us, we are unable to accept.

We have the honour to be,

My Lords,

Your Lordships' most obedient faithful Servants,

For THE GOVERNOR AND COMPANY OF  
THE BANK OF SCOTLAND.

JAMES A. WENLEY, *Treasurer.*

For THE ROYAL BANK OF SCOTLAND,  
J. S. FLEMING, *Cashier.*

For THE BRITISH LINEN COMPANY,  
JAMES SYME, *Manager.*

The measure referred to in the 10th paragraph of the letter from the Treasury was the "Bank Notes Issue Bill," introduced in 1865 by Mr. Gladstone, the then Chancellor of the Exchequer.

The chief provisions of this Bill, stated shortly, were—

That any country issuing bank in England should, at its option, pay to the Government a tax of 1 per cent. upon the amount of its issue (in lieu of the licence duty of £30 a year, and 7s. per cent. composition for stamp duty), and obtain, in return :—

1. An uncontested right to continue its issue for a period of fifteen years.

2. The power to transfer its right of issue to any other issuing bank.

And freedom from the following restrictions :—

1. The limit of the number of partners in certain banks to six persons.

2. The prohibition against having a house of business in London, or within 65 miles of London.

3. The prohibition against making their notes payable in London, or within 65 miles.

The prohibition against issuing or re-issuing notes in London, or within 65 miles, was untouched.

Whilst the object of this measure was stated generally to be the defining a period at which the present arrangements affecting the country issuing bankers should terminate, and the Government be free to consider, if thought desirable, the whole question of banking laws, it may be said that the *principle* involved in the measure was that the privilege of issuing notes—the right of issue being a prerogative of the Crown—should only be enjoyed by individuals in pursuance of a lease from the Government, who should also participate in the profits.

The measure was ultimately withdrawn, but it may be well to recall Mr. Gladstone's observations on this occasion. "In the view of Her Majesty's Government the Bill contains concessions to the issuer of private notes which they would not have deemed themselves justified in asking Parliament to sanction had they not hoped that thereby a general agreement would be arrived at between themselves and the Country bankers. Unfortunately, however, recent proceedings out of doors showed that no such agreement exists, and therefore it is not the intention of the Government to proceed with the Bill. Her Majesty's Government, however, do not propose to abandon their intention of prosecuting the subject, and in the absence of such an agreement as I have referred to, they may conceive it to be their duty to take up the question on a future occasion upon broader grounds, and they reserve to themselves the power of determining whether it would or would not be right that on the first convenient opportunity, which I am not prepared to say will occur during the short remainder of the Session, they should invite the assistance of Parliament to investigate this subject by means of a Committee."

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## LEGAL DECISIONS AFFECTING BANKERS

*Ex parte* SNOWDON.*In re* SNOWDON.*(Reported in full, p. 452.)*

I.—In this case, in which judgment was delivered in the Court of Appeal on the 17th of March, 1881, one of two sureties for a debt due to a banker had paid half the amount of the debt, the other half remaining due. He sought to compel payment by his co-surety of half the amount so paid. It was, however, decided that until he had paid more than his proportion of the debt, he was not entitled to contribution from his co-surety.

*Ex parte* NATIONAL PROVINCIAL BANK OF ENGLAND.*In re* REES.*(Reported in full, p. 456.)*

II.—In this case, in which judgment was given in the Court of Appeal on the 7th April, 1881, a bond had been given to bankers by a principal and surety in a form which, in case of the bankruptcy of the principal, made the surety liable, to the extent of £500, for whatever balance might remain due to the bankers after payment to them of all dividends from the estate of the bankrupt. The principal filed a liquidation petition, and the bankers proved for the full amount of their debt. The surety afterwards paid them £500 in discharge of his liability, and then proved in the liquidation for £500. Upon the application of the trustee, an order had been made by the Chief Judge in Bankruptcy to reduce the bankers' proof by £500, but this Order was discharged by the Court of Appeal.

NATIONAL PROVINCIAL BANK OF ENGLAND *v.* HARLE AND OTHERS.*(Reported in full, p. 460.)*

III.—In this case, in which judgment was given in the Exchequer Division on the 12th of April, 1881, a mortgagee who was a customer of certain bankers had transferred his mortgage to them to secure a debt of his own then due and any further sums not exceeding £1,200. The bankers having given notice to the mortgagor, sued him for £984, which was the amount then due from their customer. It was decided that they had no right to bring such an action in their own names.

*Ex parte* SNOWDON.—*In re* SNOWDON.*Co-Sureties—Contribution—Bankruptcy Petition—Petitioning Creditor's Debt.*

A surety is not entitled to call upon his co-surety for contribution until he has paid more than his proportion of the debt due to the principal creditor, even though the co-surety has not been required by the creditor to pay anything, provided that the co-surety has not been released by the creditor.

*Davies v. Humphreys* (1) followed.

*Craythorne v. Swinburne* (2) discussed.

This was an appeal by Thomas Snowdon from an adjudication of bankruptcy made against him by Mr. Registrar Pepys, acting as Chief Judge in Bankruptcy.

On the 9th of December, 1876, Snowdon, John Hall, and Robert Hall, executed a joint and several bond for £2,000 in favour of the National Provincial Bank of England. The bond contained a declaration that Snowdon and John Hall were respectively the sureties to the bank for the payment of any moneys which then were or might thereafter become due to the bank from Robert Hall, and there was a provision limiting the liability of the sureties to £1,000 for principal moneys, in addition to interest, costs, commission, and other lawful charges. In January, 1879, the creditors of Robert Hall passed a resolution for the liquidation of his affairs by arrangement. At this time there was due from him to the bank £1,000 for principal and also an arrear of interest. In September, 1879, John Hall upon the demand of the bank paid them the sum of £541. 2s. 1d., which was half the amount due to them by Robert Hall. On the 7th of September, 1880, John Hall issued a debtor's summons against Snowdon for £270. 11s. 0½d., half of the £541. 2s. 1d. Snowdon committed an act of bankruptcy by not complying with the summons, and on the 23rd of December, 1880, John Hall presented a bankruptcy petition against Snowdon. Snowdon had not been called on by the bank to pay anything upon the bond, but there was nothing to show that the bank had released him. The Registrar made an adjudication of bankruptcy. He was of opinion that, according to *Craythorne v. Swinburne* (2), when a surety is called on by the creditor to pay any part of the debt, he has a right in equity to call upon his co-surety for contribution.

Snowdon appealed.

*Horton Smith*, Q. C., and *E. Cooper Willis*, for the Appellant:—

A surety has no right to prove against the estate of his co-surety unless he has paid the whole debt or a part of it in discharge of

(1) 6 M. & W. 153.

(2) 14 Ves. 160.

the whole. A surety could not at law sue his co-surety for contribution until he had paid more than his share of the debt due to the creditor : *Davies v. Humphreys* (1) ; *Robson's Bankruptcy* (2).

If the Respondent does not pay the whole debt, the bank will be entitled to prove for the unpaid balance. There is no good petitioning creditor's debt.

*J. E. Linklater*, for the petitioning creditor —

"A liquidated sum due at law or in equity" constitutes a good petitioning creditor's debt. The remedy of a surety against his co-surety has always been more extensive in equity than at law. In equity a surety is entitled to sue his co-surety for contribution so soon as he has paid anything to the creditor. He is not bound to wait until he has paid half the debt. The principle in equity is shown by *Dering v. Earl of Winchelsea* (3). The decision of Lord Eldon in *Ex parte Gifford* (4), which is referred to by Baron Parke, in *Davies v. Humphreys*, was earlier in date than his decision in *Craythorne v. Swinburne* (5). There he says (6) : "It has been long settled, that, if there are co-sureties by the same instrument, and the creditor calls upon either of them to pay the principal debt, or any part of it, that surety has a right in this Court, either upon a principle of equity or upon contract, to call upon his co-surety for contribution."

[COTTON, L.J. :—

Does that mean while any part of the principal debt remains unsatisfied ? Does it not mean when the surety has paid more than his share of the debt which remains due to the creditor ?]

In *Spottiswoods's Case* (7), Lord Justice Turner said (8), "that where persons are joined together for one common end or purpose, they must bear equally the expenses incident to the attainment of that end or purpose."

[JAMES, L.J. :—

I think your proper remedy is to call on Snowdon to pay the bank £541.]

In *Lawson v. Wright* (9) it was held that a surety could maintain a suit against his co-surety for contribution in respect of money actually paid by the plaintiff to the creditor.

[JAMES, L.J. :—

The whole of the debt claimed by the creditor had been paid by the plaintiff there.]

In the present case the bank have only called for £541. That case was followed by Vice-Chancellor Kindersley in *Hitchman v. Stewart* (10), but there the whole of the principal debt had been paid

(1) 6 M. & W. 153, 168.

(2) 3rd Ed. p. 267.

(3) 1 Cox, 318.

(4) 6 Ves. 805.

(5) 14 Ves. 160.

(6) Ibid. 164.

(7) 6 D. M. & G. 345.

(8) Ibid. 372.

(9) 1 Cox, 275.

(10) 3 Drew. 271.

by the plaintiff. In *Whiting v. Burke* (1) *Craythorne v. Swinburne* (2) is recognised. When some among co-sureties are insolvent the rules of equity as to contribution differ from the rules of law.

JAMES, L.J. :—

I think that in this case there is no sufficient petitioning creditor's debt. There is no "legal debt" and there is no "equitable debt," there is no debt so far as either law or equity is concerned sufficient for the purpose of adjudication. The right of a surety who has paid the creditor is to have contribution from his co-sureties, that is to say, all the co-sureties must bear the whole burden of the debt equally. It is impossible to say, when one surety has paid a part of the debt, until the whole debt is paid in respect of which all the co-sureties are jointly liable, what the right to contribution is. It is suggested that a man might be a surety for £10,000, and upon paying the creditor £100 in respect of that liability he might file a bankruptcy petition against his co-surety in respect of that £100. There must be an actual legally ascertained debt before it can be made the ground of proceedings in bankruptcy. The co-surety cannot know what is the debt due to him by his co-surety until he knows what has been done in respect of the residue of the debt for which he is equally liable. I believe the proper course when a surety is called upon to pay a part of the whole debt for which he is liable would be to bring an action against his co-sureties to compel them to contribute to pay the debt to the creditor, just as he would be entitled to call on them for contribution if he had been sued by the creditor, asking that he should be indemnified by his co-sureties against paying the whole debt, or whatever risk he ran. But, until the whole debt has been paid by one surety, or so much of it as to make it clear that, as between himself and his co-sureties, he has paid all that he ever can be called upon to pay, there can be no equitable debt from them to him in respect of it. There is nothing ascertained as a debt which would give him a right to proceed against his co-sureties.

BRETT, L.J. :—

When the parties to a suretyship agreement have put into their agreement a limit beyond which they will not be liable, each of them is liable to pay to the principal creditor the whole amount for which he has made himself liable. They are only liable up to the limit agreed upon. If the debt due to the creditor does not amount to the sum for which they have made themselves liable by their bond, they are only liable to pay the amount of the debt and no more. If the debt exceeds the sum to which they have limited their liability in their own bond, their liability is only to pay the amount mentioned in their own

(1) Law Rep. 10 Eq. 532; Ibid. 6 Ch. 312.

(2) 14 Ves. 160, 164.

bond. That is the limit up to which they are sureties. Upon that the first question to be determined is the amount of the liability between the original debtor and creditor. When the amount of the debt between the original creditor and debtor is ascertained, it may be that the sum which they as sureties are liable to pay is the whole of that amount, but, as between themselves (if there are only two sureties), each of them is only bound to pay a half. When does the claim of the one surety against the other for contribution arise? It is not when he has paid only his own half of the amount for which he originally became surety, but his claim arises when he has paid more than half of the whole of the debt due to the creditor. That is the doctrine which was laid down in *Davies v. Humphreys* (1), and it was a doctrine taken from the Courts of Equity, and adopted by the Courts of Law. The doctrine laid down in *Davies v. Humphreys* has never been questioned, and it seems to be absolutely in accordance with what Lord Eldon said in *Ex parte Gifford* (2), upon the authority of which *Davies v. Humphreys* was decided. There is nothing to the contrary in the other cases which have been cited, and the doctrine of *Davies v. Humphreys* remains untouched, that a surety has no claim against his co-sureties until he has paid more than his share of the debt due to the principal creditor. This state of things has not arisen in the present case, and therefore there is no claim by the petitioning creditor against his co-surety for a liquidated sum, and consequently there is no sufficient petitioning creditor's debt.

COTTON, L.J. :—

I am of the same opinion. What we have to decide is, whether a surety who has only paid his proportion of the debt for which he is liable can present a bankruptcy petition against his co-surety for contribution. In my opinion he cannot. To entitle him to contribution it is not necessary that he should pay more than his proportion of the sum secured by the bond by which he became surety, with a limitation as to the amount of his liability. If he has paid more than his proportion (in a case where there are two sureties, more than a moiety of the debt due), then he can call upon his co-surety for contribution, although the amount may be nothing like the amount of the debt due by the principal debtor. Here the surety has been called upon to pay half the amount due under the bond, and if he has only paid his half, I cannot see how he can require contribution from his co-surety, who is equally liable to pay the other half of the debt to the creditor. Under such circumstances, I cannot see that any equity can arise against the co-surety, and in this case, in my opinion, no equity does arise against the co-surety while the creditor can still call upon him for the other half of the principal debt. None of the cases which have been cited conflict with this. In *Lawson v. Wright* the

(1) 6 M. & W. 153, 168.

(2) 6 Ves. 805.



co-sureties had guaranteed a liability of £320, and the only sum due by the debtor at the time of payment was £100. The plaintiff claimed contribution from his co-surety, but he had paid more than his proportion of the only debt which was due to the creditor, and for which he had agreed to become surety. Therefore it was held that he could in equity claim contribution, because he had paid more than his just proportion of the debt due.

JAMES, L.J. :—

The adjudication will be annulled, with costs allowed here and in the Court below.

Solicitors for the Appellants : *Willoughby & Cox.*

Solicitors for Petitioning Creditor : *Linklaters, Hackwood, & Co.,*  
agents for *F. T. Stevenson, Darlington.*

*Ex parte* NATIONAL PROVINCIAL BANK OF ENGLAND.

*In re* REES.

*Proof in Bankruptcy—Guarantee to Bankers—Payment by Surety after Proof by Creditor—Reduction of Proof—Agreement between Surety and Creditor that Receipt by Creditor of Dividends in Bankruptcy of principal Debtor shall not diminish Liability of Surety to pay in full.*

A customer gave to his bankers, as a security for the balance which might from time to time be due from him to them, the joint and several bond for £1,000 of himself and a surety, the liability of the surety being expressly limited to £500. There was a proviso in the bond that any dividends received by the bankers in the bankruptcy of the customer should not, so far as concerned the surety, go in discharge of his liability : but the bankers should notwithstanding be entitled to recover on the bond against the surety to the full extent of £500, or so much thereof as should, together with the dividends, amount to 20s. in the pound on the debt due by the customer to the bankers. The customer filed a liquidation petition, and the bankers proved for the debt due to them. Afterwards the surety paid the bankers £500, and he then proved in the liquidation for £500.

*Held*, by Bacon, C.J., that the proof of the bankers must be reduced by £500, but that this reduction would not prejudice any right of the bankers against the surety.

*Held*, by the Court of Appeal, that the bankers were entitled to retain their proof for the full amount.

Thomas Rees, an hotel keeper at Aberayron, kept an account with the National Provincial Bank of England. On the 31st of August, 1878, he, and D. J. Powell as a surety for him, executed a joint and several bond for £1,000 in favour of the bank, to secure the repayment of any moneys then due or which should from time to time be due to the bank from Rees. The bond provided that the surety should not at any time be called on to pay a greater amount in the whole for principal moneys than £500, in addition to interest, costs, commission, and other lawful charges ; and that the bond should be a continuing security to the bank "for all and

every such sums and sum of money as aforesaid, notwithstanding any settlement of account or other matter or thing whatsoever." There was also the following clause: "Provided always, that if the said Thomas Rees shall at any time become bankrupt or enter into any composition or arrangement with or make any assignment for the benefit of his creditors, and from this or any other cause the said bank shall at any time receive any dividends or dividend on the estate or estates of the said Thomas Rees, such dividend or dividends shall not, so far as concerns the said surety, go or be taken as in discharge of any principal moneys to the extent of the same sum of £500, or the said interests, costs, commission, or other lawful charges for which the said surety may be liable under the said bond, but the said bank shall, notwithstanding, be entitled to recover on this security against the said surety, to the full extent of the said sum of £500 principal moneys, together with the said interest, costs, commission, and other lawful charges, or so much thereof as shall, together with such dividends or dividend, amount to the sum of 20s. in the pound on the whole amount or amounts in respect whereof or any part whereof the said bond shall then be a security, and which shall be then due or owing to the said bank, and that the said bond shall be in addition and without prejudice to any other security or securities which the said bank or any trustees or trustee thereof now have or has or hereafter may have for any sums or sums secured or intended to be secured by the said bond or any part thereof."

In November, 1879, Rees filed a liquidation petition, and at the first meeting of the creditors on the 3rd of December, 1879, the bank tendered a proof for £2,494. 7s. 10d., and the proof was admitted and filed. In the early part of the year 1880 Powell paid to the bank the sum of £509. 0s. 10d. in discharge of his liability for principal and interest due on the bond, and the bond was delivered up to him. In April, 1880, Powell sent to the trustee a proof against the debtor's estate for £509. 0s. 10d., and this proof was afterwards, without the knowledge of the bank, admitted by an order of the County Court. The trustee had previously, on the 27th of November, 1880, given notice to the bank that he rejected their proof to the extent of £509. 0s. 10d., and that he intended to exclude them from dividend in respect thereof. The bank applied to the County Court for an order that the trustee should admit their proof for the full amount. The Registrar affirmed the decision of the trustee.

The bank appealed to the Chief Judge. The appeal was heard on the 7th of February, 1881.

*Yate Lee*, for the Appellants:—

After a proof has stood for more than a year the trustee cannot reject it; he ought to apply to expunge it: *Ex parte Good* (1)

[BACON, C.J. :—

This is really an application to expunge.]

The peculiar form of the bond gives the bank the right to retain their proof for the full amount : *Midland Banking Company v. Chambers* (1). The present case is identical with that. If our proof is reduced by what the surety has paid he would be entitled to prove in respect of his payment. The effect of the stipulation in the bond is to release that right of proof to us, and therefore our proof ought to stand for the full amount. No additional liability will be thrown on the bankrupt's estate; the question is only one between the creditor and the surety.

*E. Cooper Willis*, for the trustee, was not heard.

BACON, C.J. :—

There seems to have been some confusion in mixing up the separate contract between the surety and the creditor with the right of the creditor to prove in the bankruptcy. Suppose that a creditor had realised every security which he held for his debt, and that not a farthing remained due to him, would it not be right to strike his proof out altogether? What difference can it make in principal that a part only of the debt has been paid by the realization of a security? This has nothing whatever to do with the contract between the creditor and the surety, which only means that the surety shall not assert as against the creditor his right to stand in his place and prove in the bankruptcy. That agreement has nothing whatever to do with the administration in bankruptcy. The creditor has received in full from the surety £500, part of the amount of his proof; he cannot also retain his proof for the £500. This is every-day administration in bankruptcy. The bond is paid in full, and the debt is so far acquitted. The surety does not seek to interfere with any right of the bank. The bank's proof must of necessity be reduced by the sum which the surety has paid.

*Yate Lee* :—The surety has carried in a proof for the £500. This proof ought to stand for our benefit.

BACON, C.J. :—

I have nothing to do with that now. My order will not interfere with any question between the bank and the surety.

From this decision the bank appealed. The appeal was heard on the 7th of April, 1881.

*De Gex*, Q.C., and *Yate Lee*, for the Appellants :—

After a proof in bankruptcy has been made it cannot be reduced y reason of a payment received by the creditor from a third arty : *Ex parte Wildman* (2); *Ex parte Joint Stock Discount company* (3). But the effect of the peculiar form of the bond is at the surety sells to the creditor the right which he would

(2) Law Rep. 4 Ch. 398.

(1) 1 Atk. 109.

(3) Law Rep. 19 Eq. 1; Ibid. 10 Chap. 198.

otherwise have had to stand in his shoes, and have the benefit of the proof to the extent of the payment which he has made: *Ex parte Miles* (1); *Midland Banking Company v. Chambers* (2); *Ex parte Hope* (3).

*E. Cooper Willis*, for the trustee:—

The ordinary rule is that a surety who has paid the debt to the creditor, is entitled to receive the dividend on the creditor's proof in the debtor's bankruptcy: *Gray v. Seckham* (4); *Ex parte Turner* (5); *Ex parte Rushworth* (6); *Thornton v. McKewan* (7); This general rule is not excluded by the words of the bond in the present case. The words differ from those of the bond in *Midland Banking Company v. Chambers*. A creditor who holds a bill of exchange as security for his debt, cannot prove his debt in bankruptcy without producing the bill: *Ex parte Jacobs* (8); *Ex parte Ashworth* (9). The same principle applies to bonds, and here the bond has been given up to the surety. As his proof has been admitted, there will be a double proof for the £509. 0s. 10d.

JAMES, L.J.:—

I think this order must be discharged. It appears to me that both of the learned Judges must have been under some misapprehension as to the facts. They seem to have treated it as a separate debt, as if the debtor and the surety had entered into an ordinary bond for £1,000, with a condition for the payment of £500, and, that debt being discharged the whole debt was gone. Possibly the proviso in the bond would have had no operation if the whole debt had been gone. But that is not this bond. The bond seems to me to give the bank the same right even without the proviso. It is important to look at the condition of the bond. The penal sum is £1,000, and both the debtor and the surety join in the bond for that sum, but the condition is to pay that which shall be the ultimate balance of the banking account, including principal, interest, commission, and all the ordinary banking charges whatever they may be. The condition of the bond is to pay that, but there is a defeasance on that application, viz., that the surety, although he is called upon to pay the ultimate balance, is not to be liable beyond the extent of £500. It is not that he was surety only for £500; he was surety for the whole debt with that limitation. Although the ultimate liability could be enforced against him, he being surety for the whole, he was only to be called upon to the extent of £500. He had no equity arising out of any reduction of the ultimate balance if the principal debtor had paid part of the debt. Of course the bank had a right, if they choose

(1) De G. 623.

(2) Law Rep. 4 Ch. 398.

(3) 3 M. D. & D. 720.

(4) Law Rep. 7 Ch. 680.

(5) 3 Ves. 243.

(6) 10 Ves. 409.

(7) 1 H. & M. 525.

(8) Law Rep. 17 Eq. 575.

(9) Ibid. 18 Eq. 705.

not to put the bond in force until the whole thing had been wound up, to say, "The ultimate balance due to us is more than £500, pay us £500." That would be their right. It does not signify in what mode or by what steps that ultimate balance due to them was to be ascertained. Therefore, independently of the proviso, it seems to me that their right would be the same. But the proviso is perfectly clear. To use the expression of Lord Justice Knight Bruce in *Ex parte Hope* (1), "The sureties who paid a portion of the debt would, or might have been, entitled to the dividends on that portion, if there had been no such proviso; by the proviso, they in effect sell their right in these dividends to the creditor." So in the present case the surety has chosen to contract himself out of that possible equity in the plainest and most distinct terms, and, as Lord Justice Knight Bruce said, he can have no right to intercept any dividend which would otherwise be payable to the principal creditor.

Therefore I am of opinion that the order must be discharged, and with costs in all three Courts.

BRETT, L.J. :—

I am of the same opinion. I think there has been a misapprehension of the facts.

COTTON, L.J. :—

I think, especially having regard to the proviso, that this must be taken to be a bond, not for part of the debt, but to secure payment of the ultimate balance. The proviso clearly points out that that is so, that the surety is not to take advantage of any payments made from time to time by the principal debtor, but is to be liable, though not to a greater extent than £500. Therefore he is not entitled to hold the bank as accountable to him for any dividend they may receive from the principal debtor's estate, or to expunge part of their proof.

Solicitors for bank : *Wilde, Berger, & Co.*

Solicitors for trustee : *Jones, Blaxland & Son.*

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## NATIONAL PROVINCIAL BANK OF ENGLAND

*v. HARLE and Others.*

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*Assignment of Debt—Mortgage—Charge—Judicature Act, 1873 (36 & 37 Vict. c. 66), s. 25, sub-s. 6.*

By a mortgage deed in 1877 promises were assigned to secure repayment of £1,380 due from the mortgagor to the mortgagee with interest, and the mortgagor covenanted to pay debt and interest six months hence. The mortgagee in 1878 deposited the deed with his bankers as security for the balance of his banking account, and by deed in 1879 assigned and transferred to them the sum of £1,380 due on the mortgage deed, and all interest thenceforth to become

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(1) 3 M. D. & D. 723.

due, and all securities for principal and interest and all benefit and advantage thereof, and all his right, title, interest, and property therein to secure repayment to the bankers of £939 then due to them on his banking account, and any further sum not exceeding £1,200 which might thereafter become due to them from him, with a proviso for reconveyance of the premises if the assignor should on a day named pay them back the £939 and any further sum not exceeding £1,200, which might be due, with interest. The bank having given notice in writing of this assignment to the mortgagor, sued him for £984 then due on the assignor's banking account:—

*Held*, by Pollock, B., that the assignment to the bank by the deed of 1879 was not an "absolute assignment (not purporting to be by way of charge only)" within the Judicature Act, 1873, (36 and 37 Vict. c. 66), s. 25, sub-s. 6, and that the action could not be maintained.

DEMURRER to part of the statement of defence of the defendant Peter Harris. The material part of the statement of claim is fully set out in the judgment. The defence raised questions which were discussed in argument but not decided, and is therefore omitted here. The judgment being that the statement of claim was bad, it became unnecessary to decide the demurrer to the defence. The other defendants did not defend.

March 2. *Wills, Q.C. (Alderson Foote, with him)*, for the plaintiffs. This is an "absolute assignment not purporting to be by way of charge only" within s. 25, sub-s. 6 of the Judicature Act, 1873. (1) That it is by way of mortgage does not prevent its being absolute, for "absolute" in s. 25 means that it must not be conditional, not that it must not be defeasible on repayment. An assignment by way of mortgage gives an absolute right to sue, and though there is here a proviso for reassignment of the premises there is none for reassignment of the debt. The section says it must not be "by way of charge only," but says nothing about mortgage. A "charge" designates only a particular fund, and is a mere appropriation not passing the property. "Charge" is distinguished from equitable assignment in 1 Fisher on Mortgage, 3rd ed. p. 77, s. 105, 106.

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(1) Sub-s. 6: Any absolute assignment, by writing under the hand of the assignor (not purporting to be by way of charge only), of any debt or other legal chose in action, of which express notice in writing shall have been given to the debtor, trustee, or other person from whom the assignor would have been entitled to receive or claim such debt or chose in action, shall be and be deemed to have been effectual in law (subject to all equities which would have been entitled to priority over the right of the assignee if this Act had not passed), to pass and transfer the legal right to such debt or chose in action from the date of such notice, and all legal and other remedies for the same, and the power to give a good discharge for the same, without the concurrence of the assignor: Provided always, that if the debtor, trustee, or other person liable in respect of such debt or chose in action, shall have had notice that such assignment is disputed by the assignor or any one claiming under him, or of any other opposing or conflicting claims to such debt or chose in action, he shall be entitled, if he think fit, to call upon the several persons making claim thereto to interplead concerning the same, or he may, if he think fit, pay the same into the High Court of Justice under and in conformity with the provisions of the Acts for the relief of trustees.

*Cave, Q.C. (Dugdale, with him), for the defendant.* The section is aimed at out and out sales and assignments and not at mortgages, upon which an account must always be taken. The assignment was subject to the right of the assignor to have an account, and the premises must be reconveyed when the debt, which must not exceed £1,200 (less than the sum secured by the first mortgage), was paid off. The plaintiffs might have sued in the assignor's name : *Hammond v. Messenger* (1) and the notes to *Ryall v. Rowles* 2 Wh. & T. L. C. 779.

*Wills, Q.C., in reply.* Neither an equitable right of redemption nor a liability to account prevents an assurance from being absolute : 1 Fisher on Mortgage, 3rd ed. p. 3,

*Cur. adv. vult.*

April 12. POLLOCK, B., after observing that as the statement of claim was bad it became unnecessary to give any decision upon the demurrer to the defence, read the following judgment :—

In this case there was a demurrer by the plaintiffs to the statement of defence of the defendant Harris, who had pleaded separately. Upon the argument of this demurrer, however, an objection was taken by counsel for Harris to the plaintiffs' statement of claim, which it was alleged disclosed no legal cause of action.

The facts as they appeared upon the plaintiffs' statement of claim are as follows : The plaintiffs are bankers at Leeds, and Johnson Harle, who was one of the defendants in this action, on the 14th of September, 1878, deposited with them as security for the balance of a banking account an indenture of mortgage. This mortgage, which was dated the 29th of June, 1877, was made between the defendants, John Hall and Peter Harris, of the first part, and the defendant Johnson Harle, of the second part, and the effect of it was as follows :—

The defendants John Hall and Peter Harris granted and assigned to the defendant Johnson Harle certain premises therein described by way of mortgage, and (subject to a prior mortgage therein recited) to secure the repayment to Johnson Harle of the sum of £1,380, with interest thereon at 5 per cent. per annum, then due and owing from John Hall and Peter Harris to Johnson Harle, they, John Hall and Peter Harris, for themselves, their heirs, executors, and administrators, covenanted with Johnson Harle, his executors, administrators, and assigns that they, John Hall and Peter Harris, or the survivor of them, or the heirs, executors, or administrators of such survivor, their or his assigns, would, on the 29th day of December, 1877, pay or cause to be paid to Johnson Harle, his executors, administrators, and assigns, the sum of £1,380, together with interest thereon at the rate

mentioned from the 28th of June, 1877, and would further pay interest at the rate of 5 per cent. per annum upon so much of the principal sum of £1,380 as should remain unpaid after the 29th of December, 1877, until the principal sum should be paid off and discharged.

On the 30th of October, 1879, the defendant Johnson Harle was indebted to the plaintiffs in respect of his banking account in the sum of £939. 9s. 3d., and thereupon, by an indenture bearing date the 30th of October (to which the plaintiffs by their statement of claim refer), Johnson Harle assigned and transferred to the plaintiffs all the principal sum of £1,380 due and owing on the security of the indenture, mentioned in the second paragraph of the statement of claim, and the interest thenceforth to become due for the same, and all securities for the principal sum and interest, and all benefit and advantage thereof, and all right, title, interest, and property of Johnson Harle therein, to secure the repayment to the plaintiffs by Johnson Harle of the sum of £939. 9s. 3d., and any further sum, not exceeding in the whole £1,200, which might thereafter become due and owing from Johnson Harle to the plaintiffs.

On the 9th of December, 1879, by a further indenture of that date, made between Johnson Harle, of the one part, and the plaintiffs, of the other part, and indorsed upon the indenture of the 30th of October (to which the plaintiffs by their statement of claim referred) it was agreed and declared (amongst other things) that the indenture of the 30th of October should constitute and be a continuing security to the plaintiffs, notwithstanding any settlement of account or any other matter or thing whatsoever, and should be in addition to, and should not operate so as to prejudice, any other securities then or thereafter held by the plaintiffs in respect of the moneys intended to be secured.

On the 31st of October, 1879, express notice in writing of the assignment was given to the defendants John Hall and Peter Harris. The statement of claim further alleged that there is now due and owing from the defendant Johnson Harle to the plaintiffs in respect of his current account the sum of £984. 19s. 11d.

Upon this state of facts it was contended, on behalf of the plaintiffs, that the effect of the deed of the 30th of October, 1879, was to create an absolute assignment by writing under the hand of the assignor (not purporting to be by way of charge only) of a debt to the plaintiffs, within the meaning of s. 25, sub-s. 6 of the Judicature Act, 1873; and that, as express notice in writing had been given to the defendants Hall and Harris, it must be deemed to be effectual in law to pass and transfer the legal right to the debt from the date of such notice, and all legal and other remedies for the same within the meaning of that sub-section. In the course of the argument it was agreed that I should refer to the



assignment itself, as if it had been set out in full in the statement of claim. The contention on the part of the defendants was that the assignment was not an absolute assignment within the meaning of the statute, but that it was an assignment which purported to be by way of charge only; and it was pointed out that the debt assigned amounted to £1,380, whereas the debt due from Harle to the bank at the date of the assignment was only £939. 9s. 3d., and the further advance, which was contemplated and which it was agreed should be secured by the assignment, did not exceed in the whole £1,200.

Although the terms used in the sub-section referred to are not new, the effect given to such an assignment of transferring the legal right to a debt is new, and, as far as I can discover, this is the first time that any Court has been called upon to put a construction upon this provision. Looking, however, to the language used and to the well-known principles by which the Courts have been guided when dealing with the assignment of a security by way of mortgage, I have come to the conclusion that the assignment in question is not one that is within the scope of the statute. The words employed are both affirmative and negative. The assignment must be "absolute," and it must not "purport to be by way of charge only." In so far as the premises under mortgage are concerned, the legal estate in them is no doubt conveyed to the plaintiffs by language as full and complete as if the defendants had been purchasers out and out; but in Equity it has long been established that the substance of the transaction must be looked to, to see what is its effect, and hence the mortgage debt has always been treated as the principal and the land as the accessory, and it is the assignment of a debt which is dealt with by the statute.

One matter with reference to the language of the sub-section ought, perhaps, to be further mentioned—namely, what is the meaning of the words "purporting to be by way of charge only?" Do they mean an assignment which expresses on the face of it that it is made by way of charge only," or do they mean an assignment which, coupled with all the surrounding circumstances, shows that it is by way of charge only? Cases may arise which will require a careful consideration of this question. In the present case, however, I do not feel that any great difficulty is presented, because the assignment expressly declares that if the defendant Harle shall pay to the plaintiffs the sum of £939. 9s. 3d., which it recites is owing from him to them, and any further sum not exceeding the £1,200, with interest, which may at any time thereafter be due from the defendant to the plaintiffs, the plaintiffs will then reconvey the mortgaged premises to the defendant. This appears to me sufficiently to indicate upon the face of the assignment that it "purports to be by way of charge only," so as to

bring it within the exception and prevent it from being an absolute assignment within the meaning of the statute.

In the result, therefore, upon this demurrer, there must be judgment for the defendant, with costs. Leave to apply to myself at chambers as to amendment or entry of judgment.

*Judgment for the defendant.*

Solicitors for plaintiffs : *Wilde, Berger, Moore, & Wilde, for G. B. & G. H. Nelson, Leeds.*

Solicitors for defendant : *Torr, Janeways, Torr, & Gribble, for A. Hailstone, Bradford.*

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## NOTES ON RECENT ADDITIONS TO THE LIBRARY.

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*The Law and Practice of Banking in Ireland.* By CHARLES MACCARTHY COLLINS.\*

The aim of this work, as indicated by Mr. Collins in his preface, is to provide, in a concise form, a variety of information compiled from authoritative sources not readily accessible to bank officers generally.

The work is divided into two parts, the first consisting of an historical sketch of the progress of banking, and the second containing a summary of the law and practice of banking in Ireland. A useful appendix of statutes and an exhaustive index complete the volume.

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*A Manual of the Law and Practice of Banking in Australia and New Zealand.* By EDWARD B. HAMILTON, B.A., Barrister-at-Law.†

The object of this manual, as stated in the preface, is to provide in a form which may be readily understood an explanation of the legal questions which most frequently arise in the daily course of banking business in the Australian Colonies, and to which English treatises on the subject are at times wholly inapplicable. This the author attributes to the mode of banking prevailing in Australia and New Zealand, where the system in operation is stated to be a modification or adaptation of the Scotch, and differs in many striking features from that practised in England.

Mr. Hamilton claims that many points of law of general importance to English and Colonial bankers have arisen in the Colonies,

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\* Dublin : James Cornish and Sons.

† Melbourne, 1880 : Charles F. Maxwell.

and have been taken home to the Privy Council on appeal, and instances, among others, the law governing the liabilities of bankers gratuitously undertaking the safe custody of goods deposited with them for that purpose. In addition to such cases there is a considerable body of what may be called Australian Law, consisting of Colonial decisions, many of which deal with important questions that have not yet been brought before the English Law Courts. It appears, however, from Mr. Hamilton's work that much difference of opinion exists in the Colonies in regard to these decisions.

The laws and customs relating to the discounting and collecting of mercantile paper, to letters of credit and letters of hypothecation, are dealt with in this work, which also contains chapters devoted to bank charters, document credits, and other subjects of interest to Colonial bankers, including a full explanation of the operations of the Melbourne Clearing House.

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*The Practice of Banking, embracing the Cases at Law and in Equity bearing upon all branches of the subjects.* By JOHN HUTCHISON.\*

This work, of which the first volume is now published, is stated by the author to be the result of an extensive experience on the practice of banking. It is proposed to consist of three volumes, each of which is intended to be a complete treatise in itself on the subjects with which it deals.

The present volume is divided into eight parts, arranged under the heading of Accounts, Bankruptcy, Bills of Exchange, Cheques, Deposit Receipts, Opinions, Usance, and the old and new styles of computing time, together with a list of numerals and commercial terms, translated into the principal languages of Europe.

Each section is accompanied by a great variety of forms, most of which, the author states in his preface, "have been prepared by himself, and are given in the hope that they will be found useful and convenient, besides saving trouble and uncertainty in the hurry and pressure of business."

These forms and the various legal opinions which are very freely scattered throughout the work will, no doubt, be keenly criticised by bankers. A notice of this work would not be complete without some reference to the carefully prepared index which concludes the volume.

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\* London: Effingham Wilson. Warrington: Percival Pearse.

*Chronological Table and Index of the Statutes. Seventh Edition.**To the end of the Second Session of 1880, 43 & 44 Victoria.\**

Attention is directed to this volume, which has recently been presented to the library. It consists of two parts which, though separate, are arranged for combined use. The first is a chronological table of all the statutes, showing total or partial repeals thereof, and the second is an index to enactments in force. The preparation and publication of the work have been conducted under the direction of the Statute Law Committee by the authority of Her Majesty's Government. The chronological table covers the whole period between the passing of the earliest statute of the Parliament of England and the end of the latest Session of the Parliament of the United Kingdom of Great Britain and Ireland, namely, the Second Session of 1880 (43 and 44 Vict.)

The Index has been rearranged and improved by Mr. W. L. Selfe, of the Chancery Bar, as Editor, assisted by Mr. M. D. Chalmers, Mr. C. P. Ilbert, and other well-known barristers. The portions, which are of special interest to bankers, have been recast by Mr. G. A. R. Fitzgerald.

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\* Eyre and Spottiswoode, London, 1881.

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## RESULTS OF EXAMINATIONS HELD ON THE 23RD, 24TH AND 25TH MAY, 1881.

The names of the successful candidates at the recent examinations are now published.

It will be remembered that, under the regulations,\* the examinations to be conducted by the Institute are divided into two parts, embracing a preliminary examination, and another, of a more advanced character, to be held after the lapse of not less than one year from the first. Members have also the option of taking one or more subjects only, and completing the course at subsequent examinations. The names of those who have availed themselves of such partial examination will not be published until the whole course has been completed.

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### FINAL EXAMINATION.

*(Entitling the successful candidate to the Certificate of the Institute).*

STEVENS, FRANCIS WARBURTON, Messrs. Coutts and Co. . . London.

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### PRELIMINARY EXAMINATION.

*Candidates who have passed this must pass an advanced examination after an interval of not less than a year to entitle them to the Certificate of the Institute.*

EASTON, HARRY TUCKER, Messrs. Smith, Payne and Co. . .	London.
HAYARD, JOHN THOMAS, London and Provincial Bank, Limited . . . . .	Pontypool.
HENRY, THOMAS, National Provincial Bank of England, Limited . . . . .	London.
HOOPER, FRANK STANLEY, Staffordshire Joint Stock Bank, Limited . . . . .	Bloxwich.
MANLY, ROBERT, Messrs. Melville, Evans and Co... .	London.
NICHOLSON, WILLIAM AUGUSTUS, Messrs. Gurney and Co. .	Norwich.
POWELL, THOMAS SYKES, Manchester and County Bank, Limited . . . . .	Manchester.
SANDS, WILLIAM HENRY, Bank of Whitehaven, Limited . .	Whitehaven.
STANBURY, SAMUEL ARTHUR, London and South Western Bank, Limited . . . . .	Wimbledon.

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\* See page 688, Vol. I. of this *Journal*.

**EXAMINATION PAPERS—MAY, 1881.****I.—PRACTICAL BANKING.***Preliminary Paper.*

1. In what does the utility of Banking consist?
2. Point out the main characteristics of—
  - a. The Bank of England.
  - b. The Private Banks.
  - c. The Joint-Stock Banks.
3. What is a "Cash Credit"?
4. State the documents generally included under the term "Shipping Documents"?
5. In what does the business of a banker consist?
6. What is the essential difference between—
  - Bank Notes.
  - Bills of Exchange.
  - Cheques.
7. State the Bank Holidays in—
  - a. England.
  - b. Scotland.
  - c. Ireland.
8. If the words in the body of a cheque and the figures thereon differ, what is the usual practice of a banker?
9. To what extent are the undermentioned, legal tender in England, Scotland, and Ireland respectively?
  - Notes.
  - Gold.
  - Silver.
  - Bronze.
10. State what is meant by the term "Par of Exchange," and give the pars of France, Germany, and the United States?

## II.—PRACTICAL BANKING.

### *Final Paper.*

1. What is the difference between discounting bills or advancing money thereon?
2. What is an "Equitable Mortgage," and how is such Mortgage given? State what are its disadvantages.
3. Has a banker any lien upon his customer's deed-box or plate-chest when they are deposited with the banker for safe custody? Give reasons.
4. Is there any limit to the rise and fall of the exchanges? and if so, what regulates such limit?
5. Give some account of the suspension of cash payments by the Bank of England, and the resumption thereof.
6. Define the conditions under which Irish Banks issue Notes, quoting, if possible, the Acts of Parliament relating thereto. Also under what conditions Irish Banks can issue drafts on unstamped paper.
7. In what kind of Securities should a banker invest his capital and deposits?
8. Give some account of the crisis of 1857, and the causes that led thereto.
9. Within what period must a banker present for payment cheques handed to him by his customer for credit; and if unpaid when is the banker bound to return them or give notice to the customer?
10. Give similar replies respecting cheques sent per post by another banker, both in the case of cheques drawn on the sendee, and of cheques drawn on bankers other than the sendee.

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## III.—POLITICAL ECONOMY.

### *Preliminary Paper.*

1. What is the economic meaning of the term Wages? What other names are there which express partly or fully the same idea?
2. What do you mean by the Specialisation of Industry? Illustrate its gradual progress in Great Britain.
3. State the Laws of Supply and Demand.
4. Explain the differences between Capital when it is said to be (1) fixed; (2) circulating; (3) free; (4) invested; (5) floating. Under which head would you put gold coin?
5. What do you understand to be the relation of the Exchange Value of a commodity to the Utility of the same?
6. Explain the theory of Normal or Cost Value. Are there any kinds of commodities to which it does not apply?



7. What do you understand by *business capacity*? Is it remunerated by wages, interest, or rent? Or by more than one of these?
8. Explain the nature of a Composite Legal Tender Money.
9. Is it possible for Currency of any kind to bear Interest? If so, does currency in a banker's hands bear interest?

#### IV.—POLITICAL ECONOMY.

##### *Final Paper.*

1. Assuming that some important commodity, such as cotton, rises in price, trace the effect, or tendency towards an effect, which such change has on the values of any other commodities you like to consider.
2. What would you understand by a Standard of Value? How far do gold and silver serve as such standards? Can you name any better standards of value?
3. Certain newspapers remark approvingly about the many new companies lately promoted, that they relate chiefly to home enterprises, and therefore will not cause money to leave the country. Inquire into the soundness of the doctrine here implied.
4. What does the negotiability of a commercial document exactly mean? Would it be correct to say that the realisable value of property is the real value of the same? If not, how and why do they differ?
5. If silver were to fall very much in value, what would be the probable effect upon the foreign trade of Great Britain?
6. Upon what circumstances and principles do changes of prices in general depend in a country which has an inconvertible paper-currency of forced legal tender?
7. With regard to the Bank of England, Bagehot writes: "We are living amid the vestiges of old controversies, and we speak their language, though we are dealing with different thoughts and different facts." Explain the meaning of this statement, and comment upon it.
8. Point out the analogy between the methods of business in the Bank of Amsterdam or any of the older European banks, and the modern Clearing House System.
9. "One of the disadvantages of our being a very rich nation is: that we are expected to give long credit for what we sell, and to pay ready money for what we buy." Comment upon this passage.

COMMERCIAL LAW.

V.—*Preliminary Paper.*

1. Suppose a cheque is drawn, payable to John Smith or order, the payee's real name being James Smyth. How should he indorse it?

2. A bill matures on the 4th of June, it is not presented for payment till the 8th. What is the effect of this omission (a) as regards the drawer, (b) as regards the acceptor?

3. Explain the terms "Payment *supra* Protest," "Case of Need," "Re-exchange," "Re-draft," "Days of Grace," "Conditional Acceptance."

4. A bill is presented for acceptance. Must the drawee return it at once, or may he retain it to consider if he will accept? and if so, how long?

5. The holder of a cheque payable to order dies. How and by whom should the cheque be indorsed?

6. A bill is drawn, "Pay John Smith," not adding the words "or order." Can John Smith indorse it?

A bill originally drawn payable to order is indorsed "Pay John Smith," not adding the words "or order." Can John Smith indorse it?

7. Who may cross a cheque, and in what different ways may it be crossed?

8. How is a foreign sight bill drawn on London stamped?

9. A bill which has been indorsed in blank by the payee has on it a subsequent indorsement, which is a forgery; the bank where it is accepted payable knows this. Is the bank justified in paying the holder?

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VI.—COMMERCIAL LAW.

*Final Paper.*

1. From what period does the Statute of Limitations begin to run on a note payable on demand, a note payable three months after date, and a note payable one month after the maker's death? What is the time of limitation as regards bills or notes?

2. What is a bill of lading? How is it assignable? If two parts get into the hands of two different holders, who is entitled to the goods represented by it?

3. What is a banker's duty as regards honouring his customers' cheques? Who can sue him if he dishonours them?

4. "A" draws a bill on a bank, which the bank accepts. "A" remits short bills to the bank as cover for its acceptance, specifically appropriating them to this purpose. The bank fails before their acceptance matures. Who is entitled to the proceeds of the remitted bills, and why?

5. What is meant by a bill drawn in a set? How is a set accepted, stamped, and indorsed?

6. Explain the terms "Payment *supra* Protest," "Case of Need," "Re-exchange," "Re-draft," "Days of Grace," "Conditional Acceptance."

7. A bill is presented for acceptance. Must the drawee return it at once, or may he retain it to consider if he will accept? and if so, how long?

8. Who may cross a cheque, and in what different ways may it be crossed?

9. How is a foreign sight bill drawn on London stamped?

## VII.—ARITHMETIC AND ALGEBRA.

### *Preliminary Paper.*

1. Define *sum*, *quotient*, *power*, *evolution*, *discount*, *present worth*.
2. Find the value of

$$(a.) \frac{\frac{7}{4}}{\frac{5}{8}} \div \frac{\frac{5}{8}}{\frac{2}{7}}$$

$$(b.) \frac{147}{189} \text{ of } \frac{882}{2205}$$

3. Reduce to vulgar fractions

$$\cdot 0005, \cdot 375, \cdot 16, \text{ and } \cdot 83.$$

4. Extract the cube root of 4913, and of 6 to four places of decimals.

5. Find the simple interest on £1,825 at 4 per cent. per annum for 127 days.

7. Find the compound interest on £1,300 for 3 years at 5 per cent. per annum.

8. The dividends on £30,000 Consols are invested yearly at 4 per cent. What will they amount to in 9 years? If they were invested as soon as payable, what difference would there be in that amount?

9. A man buys £5,000 worth of Stock as follows:—Consols at 99 $\frac{1}{8}$ , 4 per cent. Debenture Stock at 104, and some 6 per cent. Foreign Stock at 91 $\frac{1}{8}$ . The nominal amount of the first and second is the same, and the income from the first and third is the same,

How much of each Stock did he buy, paying brokerage at 2s. 6d. per cent., if his investment produces on the whole 4 per cent. ?

10. (a.) Simplify

$$\frac{x^6 + 3x^5y + 3x^4y^2 + x^3y^3}{x^3y^3 + x^2y^4 - xy^5 - y^6}$$

(b.) Solve the equation

$$\left. \begin{array}{rcl} 5y + 4x - 3z & = & 31 \\ 5x - 4z & = & 13 \\ 16z - y & = & 44 \end{array} \right\}$$

### VIII.—ARITHMETIC AND ALGEBRA.

#### Final Paper.

1. Reduce  $8\frac{1}{2}$  seconds to the decimal (correct to 16 places) of a year of 52 weeks.

2. State and prove the rules for turning a decimal into its equivalent vulgar fraction.

3. I put out a sum of money on deposit during the whole of a leap year. The interest is always *one per cent. less than the Bank Rate*. If my interest in the year comes to £1,250, and the Bank rate varies as under, what is the amount of my deposit ?

The Bank rate is for the first 100 days 7 per cent.

" " " next 70 " 5 "

" " " " 21 " 3 "

" " " " 71 " 5 "

and for the rest of the time 7 "

4. Given  $\log. 2 = .30103$

$$4 \sqrt{.0032}$$

Find  $\log. \sqrt{(1.25)^3}$

5. Find the formula for the present value of an annuity certain for  $n$  years, payable half-yearly, interest being  $i$  per unit per annum.

6. Show that a year's discount is half the Harmonic Mean between the principal and interest.

7. A sum is put out at compound interest (the nominal interest being 5 per cent. per annum, payable momentarily) for 20 years, at the end of which time it amounts to 1. Find the sum, and express it in the form of a series.

8. Given a time in which a debt, bearing interest, is discharged by given annual instalments, show how to find in what time the debt will be discharged if instalments are payable  $m$  times a year.

**IX.—BOOK-KEEPING.***Preliminary Paper.*

1. What are the essentials in the art of Book-keeping?
2. What is understood by the designation and opening of an Account in the Ledger?
3. What is a Personal Account?
4. Explain fully the nature and object of a Cash Book, and give an example.
5. When you become indebted to a person, on which side of his Account in your Books is the sum placed, and why?
6. What is understood in mercantile language by the term "Bills"?
7. In a Merchandise Account on which sides are the Purchases and Sales respectively entered, and what would either a Dr. or Cr. balance respectively show?
8. When you accept and issue a Draft or Promissory Note, under what title is it recorded, and how would you enter it in your Books?
9. How would you record the Discount of a Bill of Exchange in your Books? Give an example.
10. Describe an Impersonal Account.
11. Give an example of a Bill of Exchange accepted and a Promissory Note payable on demand.
12. "A." draws on "B.," and "B." accepts and returns to "A." a Bill of Exchange at three months' date for £50. How do "A." and "B." record this transaction respectively in their Books?

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**X.—BOOK-KEEPING.***Final Paper.*

1. Give a definition of Double Entry.
2. Describe what is understood generally by the whole scheme of Book-keeping.
3. Explain the customary mode of procedure in Balancing Books, particularly with respect to Merchandise, Expense, and Profit and Loss Accounts.
4. What are the nature and object of a Balance-Sheet, and of a Profit and Loss Account?
5. Give examples of a Balance-Sheet, together with Profit and Loss and Capital Accounts balanced and transferred thereto.
6. If "A." sells goods to "B." for £500, draws upon him at three months' date for the amount, and immediately discounts the bill at the rate of  $2\frac{1}{2}$  per cent., how would "A." and "B." respectively record this transaction in their books?

## EXAMINATIONS FOR THE CERTIFICATE OF THE INSTITUTE.

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Examinations will be held on the following subjects, viz. :—

ARITHMETIC AND ELEMENTARY ALGEBRA.

BOOK-KEEPING.

COMMERCIAL LAW.

POLITICAL ECONOMY.

PRACTICAL BANKING.

The Examinations will be divided into two parts, extending over a period of two years, the first Examination being of a preliminary character, and the second—to be held after the lapse of not less than one year from the first—being of a more advanced character.

These Examinations, both preliminary and final, will be held in the month of May in each year. Candidates must, however, before the 1st April in each year, give notice to the Secretary of their intention to present themselves for Examination.

Every Candidate who shall fail to pass in one or more subjects, either in the preliminary or final Examination, shall be required to pass at a later date in those subjects only in which he has failed ; but he shall not proceed to the final Examination until a year after he has passed in all the subjects of the preliminary.

A certain minimum of marks shall be required in each subject to enable a Candidate to pass, and the names of successful Candidates at each Examination, shall be placed alphabetically in the official list which will appear in the Journal of the Institute.

Subject to the approval by the Council of the Report of the Examiners, a Memorandum, signed by the Secretary, shall be given to those who pass the preliminary Examination ; but the Certificate of the Institute, signed by the President of the Institute and the Chairman of the Council, shall not be issued until the final Examination has also been passed.

The Certificate of the Institute, so given, shall entitle a Member to be elected an Associate.

The Examinations shall be held by means of printed papers, and, as far as practicable, in various places simultaneously, as may be needed to meet the convenience of Candidates.

The Examinations in the country will probably be conducted under the superintendence of a Fellow of the Institute, to whom the printed papers will be forwarded in a sealed packet. These papers shall be opened in the presence of the Candidates, at the time of the Examination, and answers thereto shall be transmitted to the Council by the next post.

An Entrance Fee of Five Shillings shall be required from every

Candidate on each occasion of sending in his name for examination, such Fee to cover all the subjects taken up at any one period of Examination.

No Candidate shall be admitted to any Examination unless he have previously paid this Fee to the Secretary ; and if, after payment of his Fee, a Candidate withdraws his name, or fails to present himself for examination, the Fee shall not be returned to him.

An official receipt for the said Fee, stating thereon the Candidate's name and address in full, signed by the Secretary, shall be given to each Candidate, and the presentation of this receipt to the Superintendent, at the time of examination, shall invariably be required.

Candidates are informed that bad handwriting may be visited with loss of marks, and that the general style and intelligence of the answers will always be taken into account.

No information whatever will be given respecting the marks obtained, or the names of unsuccessful candidates.

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*Whilst the best efforts will be made to secure examinations for Country Members in their neighbourhoods, the Council do not guarantee the carrying out of this arrangement in all cases.*

*A Syllabus of the above scheme, and of the various Works recommended to be studied, may be found in the number of the Journal for November, 1879.*

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### EXAMINERS.

The names of the Examiners for the year 1881-82 will be announced in due course.

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### EDUCATIONAL CLASSES.

THE Council are glad to be able to announce that the Senate of the Owens College, Manchester, have so modified their existing Evening Classes in Mathematics, Political Economy, and Law, as to meet the requirements of candidates desiring to prepare themselves for the Institute's examinations.

It is also understood that, should a sufficient demand arise for such instruction, the Senate are prepared to introduce supplementary classes in furtherance of the same object.

The Council have reason to believe that it is under the consideration of the managers of Sir Josiah Mason's College, Birmingham and other colleges and institutions in different localities, to promote similar classes should the need for them be made manifest.

## JOURNAL OF THE INSTITUTE OF BANKERS.

OCTOBER, 1881.

## BILLS OF EXCHANGE BILL, 1881.

It will be seen by a reference to the Report of the Council, which appeared in the *Journal* for July last, that Mr. M. D. Chalmers had been entrusted with the drafting of a Bill, having for its object the codification of the laws relating to bills of exchange and cheques.

The instructions given to Mr. Chalmers were to prepare a Bill which should as exactly as possible reproduce in a codified form the existing law relating to bills, notes, and cheques. The Council fully recognise that the existing law is capable of amendment in substance as well as of improvement in form; but, as a question of policy, they thought it unwise to incorporate in the Bill, as introduced in the House of Commons, any substantial amendments of the law. Such amendments as can be carried should be introduced at a later stage. As long as the Bill merely reproduces the present law in a methodical and orderly form, it confers a substantial benefit on the mercantile community, without raising legitimate grounds for serious opposition. On this footing it was read a second time last session, and would probably be read a second time next session without opposition. The Council would then propose that it should be referred to a small but strong Select Committee, who would consider how the law might be amended in substance. Any amendments which the Select Committee recommended would probably be accepted by the House; but, if an amendment was rejected, it would in no way affect the progress of the measure. If, on the other hand, this course was not adhered to, and a measure was introduced



which effected substantial changes in the law, it would be quite impossible, in the present state of parliamentary business, to hope to get it through the House of Commons. Although there might be fair unanimity among mercantile men, concerning the points where the present law requires amendment, there would undoubtedly be considerable difference of opinion as to the exact form those amendments should take. For these reasons the Council are of opinion that the Bill should be reintroduced next session in its present form.

The Bill was introduced in the House of Commons by the President of the Institute, Sir John Lubbock, in conjunction with Mr. Arthur Cohen, Sir John Holker, Mr. Lewis Fry, and Mr. Monk, and was read a first time on the 19th July.

On the 10th August, in moving the second reading of the Bill, Sir John Lubbock stated that the Bill in its present shape was entirely one of consolidation and codification. At present the law relating to bills of exchange was scattered over about twenty Acts of Parliament and nearly three thousand decisions. Under these circumstances, the commercial community had long been anxious that the law should be condensed and brought together in some accessible form. He would not propose to attempt to carry it further this session, but he should be glad if the House would consent to the second reading, which would bring the measure more prominently before the public during the recess. He would only say, in conclusion, that the present Bill had been prepared at the instance of the Institute of Bankers and the Association of Chambers of Commerce, and had been carefully examined by high legal authorities.

The Attorney-General assented to the motion on the assumption that the Bill proceeded no further during the present session.

After remarks from Mr. Rylands, Mr. Magniac, Mr. Alderman Fowler, and Mr. Whitley, the Bill was read a second time.

On the 29th July the following petition was presented to the House of Commons in favour of the Bill by Mr. Richard B. Martin, M.P. :—

#### BILLS OF EXCHANGE BILL, 1881.

To the Honourable the Commons of the United Kingdom of Great Britain and Ireland in Parliament assembled.

*The Humble Petition of the Council of the Institute of Bankers, London,*

SHEWETH,—That your Petitioners have learned with satisfaction that a Bill is now before your Honourable House to consolidate and codify the law relating to Bills of Exchange and Promissory Notes.

The existing law being contained in a large number of statutes and in several thousand reported cases, is inaccessible to any but professional lawyers, and your Petitioners are of opinion that it would be highly advantageous to the banking and mercantile community that the leading principles of the law relating to these instruments should be embodied in a single enactment, so as to be available to all.

They have, therefore, in conjunction with the Association of the Chambers of Commerce of the United Kingdom, interested themselves in the preparation of this Bill, which they believe will materially promote the object they have in view.

Under these circumstances, your Petitioners respectfully pray that your Honourable House will, with all convenient speed, cause this Bill to be passed into law.

And your Petitioners will ever pray.

Signed on behalf of the Council of the Institute of Bankers,

RICHARD B. MARTIN, M.P.,  
Chairman.

G. DAYRELL REED

Secretary.

The Institute of Bankers,  
11 & 12, Clements Lane, E.C.,  
London, 28th July, 1881.

It is proposed to print the Bill as introduced into the House of Commons, with explanatory notes by Mr. Chalmers, for circulation at an early date among the Fellows and Associates, with a view to its consideration prior to a discussion upon it at one of the ordinary meetings of the Institute.

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## THE MONETARY CONFERENCE.\*

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(Continued from page 378 of the *Journal* for June last.)

THE International Monetary Conference, adjourned from the 19th May re-assembled in Paris on the 30th June last.

On the 2nd July, the following declaration was made by Mr. Thurman, who stated that though speaking in his own name, he believed that he was reflecting the feeling of the American Government and nation in expressing his conviction that the offers made by England and Germany would not warrant the United States in allowing the free coinage of silver. The United States did not insist on immediate, unqualified bi-metallism, but were ready to accept approaches to it, believing that it would eventually prevail, but they could not incur the risk of the alternating standard—the disappearance now of one metal and now of another—through the conflicting or unharmonious action of other states.

Baron Thielmann said he had nothing to add to the declaration made by himself on behalf of Germany at the first session of the Conference.

On the 4th July, M. Pierson on behalf of the Dutch Government stated that he thought it important that every state should declare its intentions. Holland regarded the simultaneous and unreserved adoption of the double standard by all the great states of Europe and America as the true remedy for the depreciation of silver and the Government would not hesitate to propose legislation to that effect, both for Holland and her colonies, as soon as the double standard had been adopted by so vast an area as that indicated, but it could not engage to take that step if the system had only a more limited area. While, however, reserving entire freedom of action, Holland did not reject all projects of establishing the double standard on a territory, not including all, but several of the great states of Europe and America. Any such project, if proposed, would be seriously considered by Holland.

On the 6th July, Signor Seismit-Doda stated the willingness of

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\* NOTE.—This summary of the proceedings of the Conference has been taken from the various accounts which have from time to time been made public; but attention is directed to the two volumes of the *Procès-verbaux* (the second of which has just been issued), published under the authority of the Minister of Foreign Affairs in Paris.

Italy to enter into a league with the Latin Union and America for the limited coinage of silver for five years, on condition of Germany suspending her sales for that period, substituting silver for small gold coins and small notes, and making silver unlimited legal tender at a ratio of  $15\frac{1}{2}$  and on condition of England making silver legal tender to a higher amount; the minimum quota of mintage of each state to be proportionate to the population, with option of exceeding that minimum on certain conditions.

Mr. Freemantle stated that the American Minister at London having suggested the possibility of an agreement if the Bank of England engaged to exercise the discretion allowed by the Act of 1844, Lord Granville wrote to the Bank Court which declared its readiness to do so on condition of foreign mints reverting to the rule insuring the exchange of gold for silver and silver for gold at a fixed rate. The Government having learnt that Mr. Lowell's overture was not the result of instructions from his Government, did not communicate this reply to the Conference; but the Italian Ambassador having recently submitted a similar proposal, the Government had given it the respectful reception due to any representation from a great power, and it now accordingly communicated the Bank's reply, as follows:—

“The Bank Charter Act permits the issue of notes upon silver, but limits that issue to one-fourth of the gold held by the Bank in the Issue Department. The purchase of gold bullion is obligatory and unlimited; the purchase of silver bullion is discretionary and limited, the distinction being enforced by the necessity of paying all notes in gold on demand. The re-appearance of silver bullion as an asset in the Issue Department of the Bank of England would, as is understood by the Foreign Office Letter, depend entirely on the return of the mints of other countries to such rules as would ensure the certainty of the conversion of gold into silver, and silver into gold. The rules need not be identical with those formerly in force; the ratio between silver and gold, and the charge for mintage may both, or either of them, be varied, and yet let leave unimpaired the facility of exchange, which would be indispensable to the resumption of silver purchases by a bank of issue, whose responsibilities are contracted in gold. Subject to these considerations the Bank Court are satisfied that the issue of their notes against silver, within the letter of the Act, would not involve a risk of infringing that principle of it which imposes a positive obligation on the bank to receive gold in exchange for notes, and to pay notes in gold on demand. The Bank Court see no reason why an assurance should not be conveyed to the Monetary Conference at Paris, if their Lordships think it desirable, that the Bank of England, agreeably with the Act of 1844, will be always open to the purchase of silver under the conditions above described.”

M. Pierson (Holland), construing this letter and the offer to maintain free mintage of silver in India,\* as an admission that even a partial bi-metallic league could make the price of silver steady, made a strong appeal to England not to incur the responsibility of a perilous failure by holding aloof from a league; and he exhorted her to crown her advocacy of free trade by perfecting the instruments of exchange.

On the 8th July, Mr. Evarts read the following declaration of the French and American delegates in the name of their respective governments:—

“1. The depreciation and great fluctuations in the value of silver relatively to gold which of late years have shown themselves, and which continue to exist, have been and are injurious to commerce, and to the general prosperity, and the establishment and maintenance of a fixed relation of value between silver and gold would produce most important benefits to the commerce of the world.

2. A convention entered into by an important group of states, by which they should agree to open their mints to free and unlimited coinage of both silver and gold at a fixed proportion of weight between gold and silver contained in the monetary unit of each metal, and with full legal-tender faculty to the money thus issued, would cause and maintain a stability in the relative value of the two metals, suitable to the interests and the requirements of the commerce of the world.

3. Any ratio now or of late in use by any commercial nation, if adopted by such important group of states, could be maintained, but the adoption of the ratio of  $15\frac{1}{2}$  to 1 would accomplish the principal object with less disturbance in the monetary systems to be affected by it than any other ratio.

4. Without considering the effect which might be produced towards the desired object by a lesser combination of states, a combination which should include England, France, Germany, and the United States, with the concurrence of other states both in Europe and on the American continent which this combination would insure, would be adequate to produce and maintain throughout the commercial world the relation between the two metals that such combination should adopt.”

The President, M. Magnin, having invited the Conference to discuss the propriety of an adjournment, which had been privately advocated by a number of delegates, Dr. Forssell (Sweden) contended that as delegates could not, without consulting their Governments, pledge the latter, the reservations which must necessarily be tendered would render the nominal adjournment a real separation.

\* See Instructions to the Indian Delegates, page 373, vol. ii. of the *Journal*.

He urged that every information and the most explicit official declarations were already on record; that Mr. Thurman's speech had dispelled all idea of the bi-metallic league confined to France and America, which Mr. Cernuschi had considered practicable; that England and Germany were unlikely to change their attitude; and that instead of adjourning on a mere hope of something turning up, the Conference should confess to the failure of the universal bi-metallic project, which alone could be entertained. The Conference should conclude by reiterating the resolution of 1878 deprecating a sudden demonetization of silver.

The sitting was then suspended in order that the French and American delegates might draw up a resolution stating the grounds of an adjournment, and they accordingly submitted the following resolution:—

“The Conference, considering that in the course of its two sessions it has heard the speeches, declarations, and observations of the delegates of Germany, Austria-Hungary, Belgium, Denmark, Spain, the United States, France, England, British India, Canada, Greece, Italy, the Netherlands, Portugal, Russia, Sweden and Norway, and Switzerland; considering that the declarations made by several delegates were in the name of their Governments; that those declarations all acknowledge the expediency of taking in concert various measures, under the reservation of the entire freedom of action of the different Governments; that there is reason for believing that an understanding might be established between the States which have taken part in the Conference; that it is expedient to suspend the sittings; that the monetary situation of several states may call for the intervention of legislation, and may give rise to diplomatic negotiations—adjourns to Wednesday, the 12th of April, 1882.”

M. Denormandie, Governor of the Bank of France, in explaining this resolution, dwelt on the unanimous admission that something ought to be done, on the light which has been thrown on the question, and on the undesirability of abandoning a problem which must eventually be solved.

M. Pirmez (Belgium) agreed to the adjournment as advantageous, free from inconvenience, and as not prejudging the acceptance of any particular system.

Lord Reay also supported the motion and urged Russia and Austria to co-operate in the rehabilitation of silver.

Count Kúfstein promised that Austria would take advantage of the interval to study the question.

Dr. Broch (Norway), as a member of all the Monetary Conferences since 1867, testified to the pre-eminence of the present in the collection of *data* and the discussion of principles.

The resolution was then unanimously adopted and the Conference was adjourned to Wednesday the 12th of April, 1882.

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The following statements made by Mr. Gladstone and Lord Hartington in the House of Commons, on the 7th July, will clearly show the position which this country has taken up at the Conference.

Mr. Gladstone : "No engagement has been made by the Government, and no authority conferred on the British representative at the Paris Conference, to alter the limits now imposed by law upon the use of silver as currency. The Government were informed that an agreement might be possible between the silver-using Powers, if, among other matters, the Bank of England would hold in the issue department part of its reserve in silver, and they communicated their information to the Bank, inviting the Bank Court to state its opinion upon such an exercise of the discretion entrusted to the Bank by the Act of 1844. The Court replied that it saw no reason why an assurance should not be conveyed to the Monetary Conference, if the Treasury thought it desirable, that the Bank, agreeably with the Act of 1844, will be always open to the purchase of silver, provided that the mints of other countries return to such rules as would ensure the conversion of gold into silver and silver into gold. The Treasury noting the statement of the Bank that it saw no danger to the principle of the Act of 1844 in such an assurance, caused the delegate of the United Kingdom at the Conference to be instructed to convey the assurance to the Conference. Mr. Freemantle informed the Conference accordingly at its meeting of yesterday. The Secretary of State for India will state whether he has authorised the Delegate of India to convey any assurance to the Conference. There is no intention on the part of the Government to alter the present currency law."

The Marquis of Hartington : "The only engagement which the representatives of the Government of India at the Monetary Conference have been authorised to make on behalf of that Government is that for a definite term of years it will undertake not to depart in any direction calculated to lower the value of silver, from the existing practice of coining silver freely in the Indian mints as legal tender throughout the Indian dominions of Her Majesty. Such a declaration must, however, be conditional on the acceptance by a number of the principal states of an agreement binding them, in some manner or other, to open their mints for a similar term to the coinage of silver as full legal tender in the proportion of 15½ of silver to 1 of gold, and the engagement on the part of India would be obligatory only so long as that agreement remained in force."

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The following remarks on this subject were made by the Marquis

of Hartington in the House of Commons on the 22nd August, when introducing the Indian Budget :—

“The net loss for the year 1881-2 on exchange will be about £3,000,000, for the year 1880-1 it was £2,553,000, and for the year 1879-80 about £2,000,000. In the three years the net loss was £8,542,000. To a great extent this loss is over-estimated, because it is taken as though the value of the rupee was 2s., whereas, as the House is aware, the rupee was 1s. 10½d. at the time when the estimated loss was put at £2,000,000 a year, or £6,000,000 for the three years. No doubt that is a very considerable and heavy loss. I will say a very few words upon the attitude which the Indian Government have assumed on the question of bi-metallism, and on the Conference recently held at Paris. I have stated what the loss is, and I will not enter upon the scientific or theoretic aspects of the question, upon which there is the greatest divergence of opinion among the highest authorities; but the subject has a practical bearing upon the finances and economic condition of India. Great disturbance has arisen and considerable loss has been inflicted upon India in consequence of this loss in exchange. I will say a word or two upon the general effect produced on the general trade of India. The immediate effect upon a country situated as India is would be that its exports would be stimulated and its imports restricted. It may be supposed, therefore, that in India the purchasing power is diminished and the selling power increased. The balance of these advantages and disadvantages may be nearly equal; and, at all events, it is not necessary to discuss what effect upon India these different standards of value have. The inconvenience from which India suffers arises from a different cause; it arises from her having to pay very heavy duties to the Home Government, averaging for several years considerably more than six millions a year. The losses by exchange are not less than eleven millions. That is a serious matter for a country situated as India is, where any re-adjustment of taxation is a matter of great difficulty. The injury to India does not stop there—at the actual loss incurred. The injury is greatly increased by the uncertainty caused in every financial estimate and transaction. It is absolutely impossible for an Englishman to make an estimate upon which he can constantly rely as to the expenditure and revenue for the next year. His surplus is liable to be converted, by causes over which he has absolutely no control, into a deficit. Every financial operation, every project which the Government may form, either for a reduction of debt or for any change in the mode of making remittances home, is liable to be disturbed. Shall debt incurred in India be discharged? Shall money be kept at home? Shall home remittances be made by the sale of balances in England, or shall debts incurred in England be repaid? All these



questions are unsettled, and it is impossible that any Government can take a certain view with regard to any of them. It has always been the aim of every financier to endeavour to secure a more stable exchange. There appears, however, no possibility of establishing a modern tariff between England and India, and there seems to be no greater probability of a common standard. We can only hope that some similar agreement may be come to between this country and India to those which exist between the different countries of Europe. It is no wonder, therefore, that the Government of India feel a warm interest and a deep sympathy with all efforts to arrive at some common agreement, and at all attempts in the direction of fixing a settled ratio between the values of the two metals. Everything done to attain that result is a benefit to India. Holding these views, the Government of India think it their duty to do what they can to assist in the attainment of some agreement between the nations of Europe, and they sent delegates to the recent Paris Conference with that object. The House is aware that the Conference has adjourned, but it is hoped that on their re-assembling some result may be arrived at."

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## NATIVE BANKING IN INDIA.

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*Note on SIR RICHARD TEMPLE's Address, delivered before the Bankers' Institute on the 18th May, 1881, by MR. C. J. MICHÔD, of the Bank of Bengal, Delhi.*

DELHI, 5th August, 1881.

IN the excellent address of the late Governor of Bombay on the Monetary Practices amongst the Natives of India, certain matters were referred to and subsequently discussed, upon which a few remarks by a member resident in India may be of some value. I would therefore submit the following addenda to the discussion :—

### DEPOSITS *with* NATIVE BANKERS.

This business was stated by Sir R. Temple to be unknown, his words being "that among the Natives of India there are no banks of deposits as you understand them, where depositors place their money and upon which they draw cheques. The Natives as a rule never draw cheques. It is a most extraordinary instance of mutual distrust between man and man." These words, though true in the sense that the banking operations common in England do not exist in India, might give his hearers to understand that the Natives did not deposit money to any extent with their bankers. It is, however, well known that the latter hold large sums of money

belonging to the people, who leave it in their hands for lengthened periods, and receive interest thereon. The rate rarely fluctuates, and has for some years ruled throughout the country at 6 per cent., though the present low value of money is being felt in the bazaars, and 4 per cent. is under consideration. A curious fact in connection with this business is the complete absence of any form of receipt or cheque. The money is paid to the banker, who returns the whole or part with interest, generally on personal application, and paper rarely passes between the parties. So far from their not taking one man's money and lending it to another, as Mr. W. Fowler said he understood to be the case, I can confidently state that they do so to a very large extent, and in the city of Delhi alone I should estimate the deposits of this nature to be half-a-million sterling. Instead of the mutual distrust between man and man being as Sir R. Temple deduced, the confidence exhibited is wonderful, and many cases could be related to prove that in financial dealings a Native's word is as good as his bond, though, I regret to say, that with the advent of western civilization this is not so generally the case as formerly.

#### HUNDYS, or INLAND BILLS.

These are written in the language of the place where drawn from, but the Hindi character is always used, and the form of words invariable. If the bill is drawn on a distant part of the country where another dialect is spoken, a translation in the latter is made on the face of the bill by the maker, or first banker who buys it, and in whose establishment there are nearly always moonshees, or men able to translate. Advices of these hundys are *not* generally sent to the drawees except when negotiated with the European banks. Among themselves the Natives accept and pay without advice, rendering accounts to each other at certain periods.

#### ABSORPTION of SILVER by INDIA.

The prospects and extent of this has naturally interested all classes in this country, and discussions on the subject are interminable. Sir Richard Temple very briefly adverted to it, holding out little hope of India absorbing any large amount of silver in quiet times like the present. He only thought that an increased employment of the metal could be caused by a sudden augmentation of exports from India in case of a war, famine, or some change in the products of other parts of the world occurring.

It is very certain, however, that India could absorb larger quantities of silver into the currency than it has done of late years if the financing of the Council Bills and the rupee and sterling loans were managed on a different principle. The enormous increase of the annual sale of the Council Bills, from 12 millions sterling in 1875-76 to 15 millions in 1880-81, representing a withdrawal of

13 crores and 18 crores of rupees respectively, has restricted the flow of silver to India, starved the metallic currency, causing thereby a decline of prices with its attendant depression of trade. Through these bills the business of financing the trade between east and west has passed to a great extent, and is still passing, from English to French bankers, and it is by their means that France has been able to finance the growing trade of the Continent and the United States with the East. Whilst the exports from India to the United Kingdom have only increased in 1872-73 to 1880-81 from 28 millions annually to 31 millions, the exports to other countries have increased from 22 millions to 37 millions, the chief growth being with France.

It is, therefore, a question of the most serious importance to analyse and understand the dire evil which the sale of these bills—annually increasing in extent—is causing to the commerce of both India and England. Any scheme to lessen the amount will but half cure the sore that is eating into the Eastern trade, and their complete withdrawal from the market for a period of years is the policy that has recently received a most powerful advocacy here. The radical nature of such a proposal deters financial ministers from its careful examination, but a funding operation, whereby for ten years the Council Bills should cease, and the disbursements of the Home Treasury be met by a new sterling loan, to be raised annually to the amount of 15 millions, would not be difficult of achievement. It is needless to point out that exchange would rapidly rise under these conditions.

## BANKRUPTCY RETURNS, 1880.

EXTRACTS *from the* GENERAL REPORT *by the* COMPTROLLER IN  
BANKRUPTCY, *for the year ending 31st December, 1880.*

THE returns for the year 1880, compared with those for the preceding year, show a considerable decrease in the number of cases administered under the provisions of the Bankruptcy Act, and a very large decrease in the amount of liabilities and estimated assets; thus:—

	Number of Cases.	Liabilities.	Assets.
		£	£
1879	13,132	29,678,193	10,193,617
1880	10,298	16,188,686	4,701,504
Decrease	2,834	13,489,557	5,492,113

*Extracts from the Report of the Comptroller in Bankruptcy.* 491

The decrease is therefore in estates of the better classes; in each year there were 10,298 small cases, with assets estimated to average about £450; in the year 1879 there were, in addition, 2,834 better estates, with assets estimated to average nearly £2,000.

The following table, continued from my report for the year 1878, shows that this is the first at all important decrease in the annual number of cases under the bankruptcy law that has occurred during the last 19 years, without being the direct and manifest result of legislation:—

YEAR ENDING	Bankruptcies.		Trust Deeds or Liquidations.		TOTAL.	Total Bankruptcies on Creditors' Petitions, and Trust Deeds or Liquidations.	Total number of Cases, including Bankruptcies on Debtors' Petitions, is Formed Paupers, and Prison Adjudications.
	On Debtors' Petitions is Formed Paupers, and Prison Adjudication.	On Petitions of Creditors.	Assignments, Arrangements, &c.	Compositions.			
	1.	2.	3.	4.	5.	6.	7.
11 Oct. 1862	8,882	781	2,011	640	2,651	3,432	12,314*
11 Oct. 1863	7,791	679	2,327	689	3,016	3,695	11,486
11 Oct. 1864	6,620	604	2,256	1,348	3,604	4,208	10,828
11 Oct. 1865	7,628	777	2,860	2,344	5,204	5,981	13,609
11 Oct. 1866	7,401	725	2,744	2,714	5,458	6,183	13,584
11 Oct. 1867	8,176	818	2,941	3,971	6,912	7,730	15,906
11 Oct. 1868	8,363	832	2,799	5,246	8,045	8,877	17,240
11 Oct. 1869	9,484	912	2,141	2,527	4,668	5,580	15,064†
31 Dec. 1870	None	1,351	2,035	1,616	3,651	5,002**	
31 Dec. 1871	"	1,238	2,872	2,170	5,042	6,280	
31 Dec. 1872	"	933	3,694	2,208	5,902	6,835	
31 Dec. 1873	"	915	4,152	2,422	6,574	7,489	
31 Dec. 1874	"	930	4,440	2,549	6,989	7,919	
31 Dec. 1875	"	965	4,233	2,691	6,924	7,889	
31 Dec. 1876	"	976	4,986	3,287	8,273	9,249	
31 Dec. 1877	"	967	5,239	3,327	8,566	9,533	
31 Dec. 1878	"	1,084	6,356	4,010	10,366	11,450	
31 Dec. 1879	"	1,156	7,167	4,809	11,976	13,132	
31 Dec. 1880	"	995	5,546	3,757	9,303	10,298	

\* "The Bankruptcy Act, 1861," commenced 12th October, 1861.

† "The Bankruptcy Amendment Act, 1868," (31 & 32 Vict. c. 104) commenced 11th October, 1868.

\*\* "The Bankruptcy Act, 1869," commenced 1st January, 1870.

The commencement of the Bankruptcy Act, 1861, was naturally marked by a large influx of bankrupts on their own petitions, of pauper debtors, and of prisoners for debt, profiting by the abolition of the distinction between traders and non-traders, and of the

former qualification for debtors' petitions; otherwise the annual number of bankruptcies proper (columns 1 and 2) fluctuated with the state of trade till the year 1868, while the annual number of compositions (column 4) increased so rapidly and continually that from 640 in the year 1862 there were so many as 5,246 in the year 1868. In the following year, 1869, there was an important decrease of 2,176 cases, produced by the number of those compositions falling from 5,246 to 2,527, while the number of bankruptcies increased by 1,201. The cause of this decrease of compositions and increase of bankruptcies is shown on the table by a reference to "The Bankruptcy Amendment Act, 1868," popularly known as "Mr. Moffat's Act," which aimed at, and most effectually procured, a vast reduction in the number of grossly fraudulent compositions.

In the year 1870, the aggregate number of cases fell still more remarkably from 15,064 to 5,002; but, as shown in the table, and explained in my Report for the year 1878, this decrease represented only the well-known provisions of the Bankruptcy Act 1869, the larger number including 9,484 cases of a class that was admitted to bankruptcy under the Act of 1861, but was absolutely excluded from the 1st of January, 1870, by the operation of the present Act, while the abolition of imprisonment for debt under the Debtors' Act, which came into operation on the same day, took from the majority of insolvents of that class, their principal motive for desiring to be admitted.

Comparisons between the number of cases administered under different Bankruptcy Acts at different periods would not be in any sense a statistical comparison, and any inference from such comparison as to the general increase or decrease of insolvency in the country would be altogether fallacious; for example, if the bankruptcy returns of the last three periods of ten years were compared an average of scarcely more than 1,000 cases per annum during the first period would seem to indicate a very trifling amount of insolvency, alarmingly increased to an average of about 12,000 during the second period, and again considerably reduced to an average of about 9,000 during the third period.

These large changes of average numbers only indicate changes of legislative opinion as to the class of insolvents that should be dealt with under the bankruptcy law. At the present time, besides the number of cases that appears in the returns, some 2,000 insolvents every year find sufficient motive and sufficient means to throw away time and money in unsuccessful petitions for liquidation; as there must be twice or three times as many who have neither their motives nor their means, and as all of these would appear in the returns if imprisonment for debt and adjudication on debtors' petitions were not abolished, it is clear that, considered statistically, an average of 9,000 cases per annum during the last 10 years, suggests a much

larger amount of insolvency in the country, than an average of 12,000 during the preceding 10 years.

If the state of trade could be regarded as the cause of the greater or less number of cases reported during those different periods, it would follow that much more insolvency was caused by improvement than by depression of trade, for, during the seven years 1862—68, with a rise of about 130 millions in the value of exports and imports there was an annual average of 13,600 cases, while during the seven years 1873—79, with a fall of about 130 millions in the value of exports and imports, there was an annual average of only 9,500 cases, and, regardless of increase or decrease of exports and imports, the annual number of cases increased about 5,000 during each of those periods.

Apart from any question of bankruptcy law, statistics of insolvency would mark changes in the state of trade, the number of trade failures increasing temporarily with depression, or decreasing temporarily with improvement of trade, returning in either case when there was no further change to an average reasonably proportioned to the extent of trade or number of traders in the country.

\* \* \* \* \*

Bankruptcy statistics are intended to show the operation of the bankruptcy law, among other things, whether the annual number of cases is reasonably affected by the state of trade, or how far an inconsistently continued increase may suggest abuse of the provisions under which it occurs; for such or other useful purposes returns of very few years are generally sufficient; for example, the returns for the year 1868 showing an increase of 4,926 in the annual number of cases during seven years of improving exports and imports, and that such increase was produced by 4,606 compositions and 788 assignments, with a decrease of 468 bankruptcies, would tend to confirm a strong opinion founded on the experience of commercial men, that the increase of insolvency under the Act of 1861 resulted from increase of fraudulent compositions and assignments needing preventive legislation, and not at all from the state of trade, and the returns for the following year proved the soundness of their opinion and the efficacy of the preventive legislation adopted.

Scotch bankruptcy law does not allow part of the creditors to free a debtor from all his liabilities without any proper examination into the state of his affairs, and during the 25 years continuance of the Scotch Bankruptcy Act it has known none of those continued rises in annual number of cases that have occurred in England since the introduction of such arrangements, as from 640 to 5,246 compositions during the first seven years of the Act of 1861, or from 2,035 to 4,152 liquidations by arrangement during the first years of the Act of 1869. The annual number of Scotch sequestrations has increased with depression and decreased with improvement of trade; being 555 in the year 1870, 368 in the

year 1872, the best year for trade, and 717 in the year 1878, the last year of which the returns are published in Judicial Statistics and the worst to that date; the average of the last five years reported, better and worse together, being 513, while the average of the first five years of the Act (1857—61) was just 500.

The following Table, comparing the annual fluctuation of exports and imports with that of the various proceedings under the Bankruptcy Act, 1869, shows that the continued annual increase in number of proceedings arises from a much more rapid increase in the worst classes of compositions and in liquidations by arrangement, modified by fluctuations of rise or fall in the annual number of bankruptcies proper, and of compositions at the better rates.

	1870.	1871.	1872.	1873.	1874.	1875.	1876.	1877.	1878.	1879.	1880.
Exports and imports— in millions .. ..	547	615	669	682	668	656	682	647	629	554	633
Number of bank- ruptcies .. ..	1,351	1,238	933	915	930	965	976	967	1,084	1,156	995
Number of composi- tions:											
Exceeding 7s. 6d. ..	565	495	409	413	410	394	457	456	496	513	314
Exceeding 1s., and not exceeding 7s. 6d. ..	975	1,489	1,510	1,583	1,638	1,756	2,091	2,231	2,749	3,240	2,460
Not exceeding 1s. ..	76	186	289	426	501	541	739	610	765	1,056	983
Total .. ..	1,616	2,170	2,203	2,422	2,549	2,691	3,287	3,327	4,010	4,809	3,757
Number of liquidations by arrangement ..	2,035	2,872	3,694	4,152	4,440	4,283	4,986	5,239	6,356	7,167	5,546
TOTAL number of bank- ruptcies, composi- tions, and liquida- tions by arrangement	5,002	6,280	6,835	7,489	7,919	7,889	9,249	9,533	11,450	13,182	10,296
Average assets ..	£ 1,075	£ 670	£ 631	£ 792	£ 685	£ 929	£ 666	£ 628	£ 788	£ 776	£ 456
Average liabilities ..	£ 3,489	£ 2,254	£ 2,090	£ 2,561	£ 2,542	£ 3,286	£ 2,256	£ 2,043	£ 2,617	£ 2,260	£ 1,572

In each year, therefore, the annual number of bankruptcies proper has fallen or risen consistently with the rise or fall of exports and imports, and the same with compositions exceeding 7s. 6d. in the pound, except that they have shown rather more tendency to decrease than increase, caused no doubt in many cases

by growing appreciation that smaller compositions could be carried as easily as larger ones. The annual number of compositions between 1s. and 7s. 6d. in the pound rose steadily without one fall, from 975 in the year 1870 to 3,240 in the year 1879, while the worst compositions, not exceeding 1s., and averaging a few pence in the pound, rose from 76 to 739 in six years, when their increase being checked by a decision of the London Bankruptcy Court, the number of these compositions fell to 610, rising again, however, to 1,056 in the year 1879.

\* \* \* \* \*

From the different effect produced by the same condition of trade on different industries, it would be impossible to suggest the precise number of insolvencies which would agree with the state of trade, but consistently with the fluctuations of the more legitimate classes of insolvency, English or Scotch, the annual number of cases under the Act of 1869 should have fallen from 5,000 in the year 1870, to about 3,500 in the year 1872; and again from a maximum of perhaps 8,000 or 9,000 in the years 1878-79, to, at most 5,000 in the year 1880, or not more cases in that year than in the year 1870. The fact that there were 10,000, or twice as many cases as in the year 1870, suggests an unreasonable or improper increase of 5,000, and the returns show that it was composed of arrangements from which the creditors would receive little or no dividends, and compositions of the worst classes, including 906 between 1s. and 2s. 6d., and 907 averaging a few pence in the pound.

I have spoken of the increase of such cases as unreasonable or improper, because at least it is equally inconsistent with the state of trade and with the apparent intention of the Act. The care with which the arrangement and composition clauses shield the "liquidating debtor" from the stigma of bankruptcy and the inconvenience of any inquiry into the state of his affairs or other proceeding before a court, while enabling the vote of a majority at a meeting called by himself, to relieve him from his liabilities to all his creditors, was apparently intended for the encouragement and protection of specially deserving cases; for instance, to encourage honest debtors to come forward at an early stage of insolvency while they could offer terms with which the general body of their creditors might reasonably be satisfied, and which could be accepted by a majority, notwithstanding the possible ill-will or cupidity of individual creditors. It could not have been intended to reproduce the continued annual increase of insolvency which occurred under the similar provisions of the Act of 1861, and the fraudulent character of which had just been proved by the Act of 1868.

Unless majorities of creditors exercised with great care and judgment the absolute powers entrusted to them, insolvency would naturally be increased by the removal of all its disagreeables from imprisonment for debt down to the nominal stigma) encour-



raging speculation, trading on insufficient capital, and generally loose principles and practice in questions of debtor and creditor. The fact that majorities of creditors too commonly exercise their powers by handing them over to canvassing agents leads necessarily to an incalculable amount of direct or indirect fraud. The first step in canvassing being to obtain a list of the creditors, an agent acting for the debtor has so far the best chance, and if he cannot himself collect enough proxies to carry the resolution, he may perhaps arrange with other agents who have canvassed on their own account, and are in the same position. The system begins from the beginning of difficulties; almost every person who has a bill of sale registered or a judgment against him receives a number of circulars; one of these, which claims to be the original, is rather long; the writer does not presume to infer that his services are required, but as such things as bills of sale may lead to bankruptcy and "the destruction of comfortable homes," he offers the assistance of his long and extensive practice in arranging for an extension of time for payment of debts, or for a composition of the same," observing that "the Bankruptcy Act of 1869 has extended considerable advantages to debtors and creditors, and its liquidation clauses afford the former an easy method of arranging their affairs and relieving themselves from their difficulties without the objectionable publicity and suspension of business which happened under previous Acts."

(signed) *E. C.,*

"Accountant in Bankruptcy."

A postscript, stating that "no charge whatever is made unless business is actually done," and that money can be advanced the day after application, is followed by this:

"CAUTION: Several persons, who really have no knowledge or experience, are copying this circular, with the object to extort fees. Mr. C. conceived the idea of sending to persons who have bills of sale, or judgments issued against them some 18 years since, therefore all others are only copyists."

The senior registrar of the London Bankruptcy Court recently notified to the public ("County Courts Chronicle," 1st June, 1881), that the writer of another circular headed with the Royal Arms, who also described himself as "Accountant in Bankruptcy," with the addition, "and an officer of the Court," is not the "Accountant in Bankruptcy," or an officer of the Court; in fact, he is only a "copyist," who has improved on and explains one or two points in the above original. His "office aims at effecting an arrangement with creditors, whereby the trader continues in business uninjured, and there is a fund from which loans can be granted to pay the composition, or to enable the debtor to purchase his estate in the unusual event of liquidation. Consultation free. *N.B.* The new and very stringent Bankruptcy Bill, now being passed through the Houses of Parliament, will come into operation shortly."

However little attention such circulars may deserve, the idea of sending them being conceived eighteen years ago, or soon after the commencement of the Bankruptcy Act, 1861, and of arrangements and compositions to which a majority of creditors can bind a minority without any examination into the debtor's affairs, seems to agree very well with the enormous annual increase of compositions under that Act, and with their extraordinary reduction by such simple provisions as that persons helping to carry deeds by signing them as creditors should prove that they are creditors; the present Act of 1869 is, perhaps, correctly stated to offer greater facilities to debtors than previous Acts. The promised result of compositions is that comfortable homes are not disturbed, the trader continues in business uninjured, the amount of composition being no more than he may borrow on the security of his property, leaving him, say, one third of that property, with freedom from all liabilities; a very tempting prospect to a man whose property consists of goods bought on credit and who, perhaps, by such composition would be better off than he ever was before. All these may appear idle promises "to extort fees"; but debtors have appeared in better circumstances after compounding, and there can be no doubt that agents of this class learn by experience how resolutions of majorities of creditors may in most cases be carried. As pointed out in a former report, there were in the first two years of the present Act many more declarations of insolvency by debtors seeking adjudication of bankruptcy than since; arrangement or composition was soon found to be easier and more profitable; in a year or two agents are generally acquainted with any means by which new legislation may be evaded.

While this class of agent is all for the debtors and composition, another and very similar class represents itself as all for the creditors and liquidation by arrangement, its aim being the profits to be made by trusteeships; and between them touting for proxies has become, as is generally well known, a regular business under the present Act. A striking illustration was afforded a few months ago in the conviction of an individual who had for years successfully carried on that business in all parts of England, the only peculiarity of his proceedings being that he frequently changed his name and address, and that instead of being satisfied with the more or less lawful profits of trusteeship, he appropriated the whole funds of liquidations in which he represented the majority of creditors, sometimes declaring dividends payable in various places by purely imaginary persons, for no apparent purpose but to amuse himself at the expense of the creditors.

Many creditors must have known in that case, and must constantly know, that they have been defrauded; but frauds of that gross character occur chiefly in the thousands of smaller insolvencies, and in these are most severely felt by the smaller creditors,

whose debts may not be insured in the ordinary way of trade, who do not understand the subject, and who cannot afford to place themselves in the hands of solicitors.

As submitted in former reports, it is not the interest of the majority of trade creditors to devote time, trouble or money to the chance of getting a little more salvage from the wreck of insolvent estates; an average amount of bad debts being an incident of trade as much allowed for in prices as the incidental expenses of trading, the majority of creditors would probably feel, as some traders have expressed, that they are not more likely to look after such matters personally than to carry their own parcels; they can employ their time more profitably. Applying the figures of the year 1880 to a simple illustration in a former report, we have 10,298 estates estimated to average £450 "gross value," and which, if wound up by arrangement, would probably not produce £300 available assets, subject to reduction by costs and other deductions to perhaps £160; if the creditors could hope by their own exertions to procure a tenth more assets and a tenth less deductions, the result would be an average gain of about £40 per estate, or say 40s. per creditor, some large creditors gaining much more while many small creditors would hardly gain 40 pence. Large debts generally occur in large failures, and are mostly due to creditors in a large way of business, who would not be tempted by the remote possibility of gaining even £40 to give their personal attention during several years to the winding up of a large insolvency. Very large cases being generally entrusted to respectable and experienced trustees, need not be considered; there are always comparatively few of them, and the returns for the year 1880, including an unusually small proportion, afford the best illustration of the prospects of creditors in the great majority of insolvencies. Such prospects would not induce the majority of creditors to take more trouble than needed to hand their proxies to agents, leaving them to settle the question of arrangement or composition with the debtors; 3,757 compositions were accepted in the year 1880, of which 102 were over 10s. in the £.; 1,009 from 2s. 6d. to 5s.; and 2,095 from 1d. to 2s. 6d.

The amount of annual loss by insolvency has been shown from former returns to have varied considerably, reaching about £25,000,000 in more recent times, and averaging, as estimated in my last report, about £20,000,000 per annum during the then last five years, 1875-79.

The amount being of secondary importance, and purely speculative, depending on the possible results from thousands of estates not yet wound up, and respecting the great majority of which nothing will ever be known, I did not think it necessary to explain that those figures were only intended to suggest in round millions a very rough estimate of probable *minimum* loss, so far as it could be estimated from the ascertained results of comparatively few cases, with the

considerable margin that should always be allowed in such estimates. Want of this explanation appears to have led to some misapprehensions; among others to an impression that the accurate *maximum* loss of each year may be worked out by a rule which perhaps might serve for the purposes of a very rough estimate of *minimum* loss in the year 1870, and with some allowance, in one or two other years the estates of which were of considerable average size; but it is clear that no rule which would apply to such years could apply to the remaining years in which the average of assets was much smaller, because, as frequently explained, the rate of costs, expenses, and every other element of loss is very much greater in smaller than in larger estates. The amount of loss, as shown for each year by that rule, proves, however, that my estimate for the above five years was either by mistake or misprint at least a million too low; correcting it to about £21,000,000, and estimating the loss for the year 1880 at about £14,000,000, the average for the last six years would be about £20,000,000 per annum.

So far as they may represent the state of trade the returns for the year 1880 show a satisfactory decrease in the better class of insolvencies, and consequently in the amount of loss; but, as before observed, bankruptcy statistics refer to the working of the bankruptcy law rather than to the state of trade, and the returns show no improvement in the points to which attention has been directed in this and former reports, among others the constant increase of petty arrangements and compositions of almost nominal value. The rate of costs in close bankruptcies was higher than in any preceding year, being  $41\frac{1}{2}$  per cent. of net assets, or  $3\frac{1}{2}$  per cent. more than in the year 1879, and 11 per cent. more than in the year 1873, when the assets were of about the same average. This is accounted for partly by the assets of two large bankruptcies being entirely absorbed by costs, chiefly of litigation; partly by the closing in the last two years of estates that have been a considerable time in hand, and partly by the fact that in the early years of the Act a larger proportion of estates were undertaken by creditor trustees without remuneration, or by solicitors under the provisions of section 29 of the Act, at a moderate percentage, including their professional charges.

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## BANKRUPTCY AND CESSIO (SCOTLAND) ACT, 1881.

THIS ACT, which takes effect on the 1st day of January, 1882, was passed during the late session of Parliament. Its object is to amend the Bankruptcy Acts and Cessio Acts with respect to the discharge of bankrupt debtors in Scotland, and in certain other respects. It is principally an adaptation of the conditions of the existing English Act, providing for the discharge of a debtor in bankruptcy, but with this essential difference, that, whilst in England the debtor must pay ten shillings in the pound, or get his *creditors* to pass a resolution that his bankruptcy had arisen from circumstances over which he had no control; in Scotland, the debtor must now pay five shillings in the pound, or get the *Court* to express an opinion, after due investigation, that his failure to do so was due to causes for which he could not justly be held responsible.

The following are the principal provisions of the Act dealing with this restriction:—

CLAUSE 6. "Notwithstanding anything contained in the Bankruptcy Acts, the following provisions shall have effect with respect to bankrupts undischarged at the commencement of this Act, and to bankrupts whose estates may be thereafter sequestrated; that is to say—

"(1.) A bankrupt shall not at any time be entitled to be discharged of his debts, unless it is proved to the Lord Ordinary or the Sheriff, as the case may be, that one of the following conditions had been fulfilled:

"(a.) That a dividend or composition, of not less than five shillings in the pound has been paid out of the estate of the bankrupt, or that security for payment thereof has been found to the satisfaction of the creditors: or

"(b.) That the failure to pay five shillings in the pound, as aforesaid, has, in the opinion of the Lord Ordinary or the Sheriff, as the case may be, arisen from circumstances for which the bankrupt cannot justly be held responsible:

"(2.) In order to determine whether either of the aforesaid conditions has been fulfilled, the Lord Ordinary or the Sheriff, as the case may be, shall have power to require the bankrupt to submit such evidence as he may think necessary, in addition to the declarations or oaths, as the case may be, made by the bankrupt under sections one hundred and forty, and one hundred and forty-seven of the Bankruptcy (Scotland) Act, 1856, and the report made by the

trustee under section one hundred and forty-six of the said Act, and to allow any objecting creditor or creditors such proof as he may think right :

“(3.) Any deliverance of the Lord Ordinary or Sheriff, as the case may be, under this section shall be subject to appeal in the manner provided in sections one hundred and seventy-one, and one hundred and seventy of the Bankruptcy (Scotland) Act, 1856: Provided always, that the judgment of the Inner House of the Court of Session or any such appeal shall be final and not subject to review :

“(4.) In the event of a discharge being refused under the provisions of this section, the bankrupt shall at any time, if his estate shall yield or he shall pay to his creditors such additional sum as will, with the dividend or composition previously paid out of his estate during the sequestration, make up five shillings in the pound, be entitled to apply for and obtain his discharge in the same manner as if a dividend of five shillings in the pound had originally been paid out of his estate.”

By Clause 7, restrictions of a similar nature are applied to the discharge of a debtor under a *cessio*.

## QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE COUNCIL desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved :—

QUESTION I.—What in the opinion of the Council are the correct answers to Questions 9 and 10 in page 471 of the *Journal* for July last, namely :—

9. Within what period must a banker present for payment cheques handed to him by his customer for credit; and if unpaid when is the banker bound to return them or give notice to the customer?

10. Give similar replies respecting cheques sent per post by another banker, both in the case of cheques drawn on the sendee, and of cheques drawn on bankers other than the sendee.

ANSWER : (9). A banker receiving cheques from his customer for credit has, with regard to cheques drawn on bankers and others in the same place, the whole of the day on which they are received

and of the next day for presentation, and if unpaid, they should be returned to the customer either by post on the evening of the said next day or by hand on the following morning.

(10.) With regard to cheques drawn on other places which have to be forwarded by post to an agent for collection, the banker has in like manner up to the evening of the day after receipt to post them to his agent, and the agent has up to the day after his receipt of them to present them to the drawees.

A banker receiving cheques by post for payment drawn upon himself has the same time for presentment, it being held that he is acting as agent of the sender. (See Counsel's opinion, *Journal of the Institute of Bankers*, Vol. I., p. 233).

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**QUESTION II.**—When life policies are taken as security an assignment of the policy is usually given setting forth its description, and the deed is stamped with 2s. 6d. per cent. on the amount insured, as though the security were worth that sum. In reality the surrender value of the policy may be only £40 or £50, is it possible to assign all policies for a small consideration, say £50, using as a form of assignment the schedule to the "Policies of Assurance Act, 1867"?

**ANSWER :** The most usual, and unquestionably the safer practice is, where such security is accepted, to stamp the deed of assignment with 2s. 6d. per cent. on the full amount insured.

It would, however, appear that it is not unusual to stamp such deeds for the amount of the surrender value of the policy at the date of assignment; but in all such cases the stamp must cover the surrender value at that date, or in the event of a claim arising, the assignee would incur the full *ad valorem* duty and a fine of £10, in addition, before he could recover on the policy.

The form of assignment referred to is believed to be an absolute assignment without power of redemption.

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**QUESTION III.**—Is the answer "present again" a legal and sufficient answer to mark on a cheque returned by a banker to another banker when the customer by whom the cheque is drawn has not sufficient funds with the paying banker to meet it. Is not the banker who returns a cheque bound to state thereon his reason for refusing payment thereof?

**ANSWER :** The answer "present again" is not a sufficient answer, the banker returning such cheque should state thereon a definite reason for refusing payment.

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**QUESTION IV.**—In the case of a bill drawn at six months for £1,000, and interest at 5 per centum per annum, is a stamp covering the interest required, or would a ten shilling stamp be sufficient?

**ANSWER :** It is stated in *Chitty on Bills of Exchange*, 11th edition, page 80, section 6, that — “With respect to the amount on which the stamp duty is payable it has been held (*Preussing v. Ing*, and *Wills v. Noot*) that the addition of interest, although reserved from a day prior to the date of the instrument, ought not to be taken into account in determining the proper stamp.”

The bill in question would, therefore, only require a ten shilling stamp.

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**QUESTION V.**—A and B, partners in trade, have a current account with a bank in their joint names as a firm, B dies, and at the time there is a considerable balance in hand; A carries on the business (having power to do so under the deed of partnership) until something definite is arranged with B's executors as to the disposal of B's share: would the bank be quite safe in allowing him to do his business through the old account, and so give him the power to withdraw the balance if he so wished?

**ANSWER :** In the case put the balance of the account would be available to the survivor without the banker incurring any liability.

This question is also dealt with by implication in Vol. I. of the *Journal*, page 427, Question and Answer, No. 4.

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**QUESTION VI.**—Is it necessary for a banker to receive special instructions before charging his customer's account with acceptances, such account being an overdrawn one under an arranged limit?

**ANSWER :** Assuming that after payment of the acceptances in question the customer's account would not be overdrawn beyond the arranged limit, any special instructions would be superfluous.

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## NEGOTIABILITY OF INSTRUMENTS TO BEARER.

*Communicated by H. D. JENCKEN, Esq., Barrister at Law, Hon. General Secretary to the Association for the Reform and Codification of the Law of Nations.*

A CUSTOM of making instruments to bearer not negotiable, has become common on the Continent, especially in Germany, for many years past. The inconvenience of this practice has been frequently discussed on the Stock Exchanges of Berlin, Frankfort, Amsterdam, and other cities, bankers maintaining that it would imperil the transferability of instruments to bearer, to enable a holder at will to alter their character, and thus by superadding words or marks prevent third persons acquiring rights. Finally, the question has been transferred from the banker and stockbroker to the jurist, and the courts of law.

At the Conference in August, 1880, of the Association for the Reform and Codification of the Law of Nations, held at Berne, the meeting agreed to five resolutions dealing with securities to bearer. The 3rd resolution which the Institute of Bankers has since adopted, provides as follows: "that a document issued as a security to bearer may be changed by the issuer into a security to order (nominative) and *vice versa* at the option and on the demand of the holder, at his own expense. All other alterations affecting the character of the instrument are excluded." Thus recognising the principle that the marking, numbering or lettering of an instrument to bearer, shall in nowise hinder its passing by delivery to a third person.

This question, which is one of great importance to the *Agents de change*, was decided last month in favour of a *bona fide* holder of a *titre au porteur* by the *Cour de Cassation*, Paris, in a test case brought by MM. Moreau and others against the Paris and Lyons Railway Company, which company insisted on their right to refuse payment of dividends to the holder and issuing fresh coupons of a *titre au porteur*, on the grounds that the *titre au porteur* presented by MM. Moreau and others had been marked by a former proprietor, as forming part of a trust estate, and that equities consequently attached. The *Cour de Cassation* decided that the owner of a security to bearer could not exercise this right of stopping payment or transfer, holding firstly, that any number of marks inscribed by an owner of a *titre au porteur* or by any other person, especially numbers or words by a public officer, (an officer of a court or notary public) on the instrument itself, did not prevent the transfer of such instrument

by simple delivery, and further, that a decree of a court could not interfere with its negotiability on the grounds that the *titre au porteur* contained a reference to an inventory of the estate of a deceased person, or a reference to a register of a court, and the party issuing such instrument could not dispute the title of a *bona fide* holder; and that no law existed to enable a holder to convert a *titre au porteur* into an instrument nominative or of another nature. The judgment in this leading case merits careful study: a principle of law was laid down which greatly affects securities to bearer.

The same rule *mutatis mutandis* Lord Coleridge applied in the case of *Suffell v. Bank of England*,\* the other day, namely, that a bank-note passing by delivery from hand to hand could not lose its character of transfer by the altering of a number, which by no possible construction could be held to be a material part of the note itself. If this rule holds good as regards bank notes, it applies with even greater force to other instruments to bearer which cannot be changed by adding a mark, or number, or words, or by their removal. The rights of a holder for value, without notice of fraud, were fully recognised in the case of *Roberts v. Goodwin*, decided in the House of Lords. We may now safely assume that both in the express language of legislative enactments, and in the ruling of the courts of most of the European countries the principle is upheld of unfettered and unlimited transferability of all descriptions of instruments to bearer from a coupon to a bank-note.

It is gratifying to notice with what interest the public follow all questions that bear upon negotiable securities, especially those to bearer, though it ought not to be a matter of surprise, the fact being the capital represented by these values is fabulous, computed by competent authorities at the enormous total of £7,000,000,000 sterling, and increasing year by year, as new joint stock companies spring into existence, or Governments come to the public for fresh loans.

At the last Conference of the Association, held at Cologne in August last, a further resolution was agreed to, limiting the time of prescription to a period of six years on coupons, and a period of thirty years as regards the principal sum. The matter was then adjourned for further consideration at the Conference to be held at Liverpool in August, 1882, when it is proposed to submit additional resolutions, which Herr Beisert, of Berlin, and Dr. Marcus, of Bremen, are preparing, assisted by jurists in Amsterdam and Paris.

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The following are the Resolutions for the International Regulation of the Laws on Securities to Bearer above referred to. They were submitted to the Association for the Reform and Codification

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\* See also in pages 509 and 536 of the present number of the *Journal*.

of the Law of Nations and agreed to at the Conference held at Berne, 27th August, 1880 :—\*

1.—The expression securities to bearer shall hereinafter be understood to mean only shares, bonds, debentures and all obligations for the payment to bearer of a sum certain and issued in a [fractional] series of *definite and equal sums*. It shall not embrace paper money.

2.—Every issue of securities to bearer shall be entered in a public register, accessible to all persons; such entry shall contain all the conditions of the issue, especially all the particulars of mortgages and other charges bearing upon or affecting such securities.

3.—A document issued as a security to bearer shall be changed by the issuer into a security to order (nominative) and vice versa, at the option and on the demand of the holder, *at his own expense*. All other alterations affecting the character of the instrument are excluded.

4.—The title of a bonâ fide holder of a document issued as a security to bearer shall not be affected by prior equities.

5. A bonâ fide holder, of a security to bearer shall be entitled to hold the same against all persons whomsoever.

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\* The alterations suggested by the Council of this Institute embrace the omission of the word "fractional" (placed within brackets) and the introduction in Clauses 2 and 3, of the words in italics.

## LEGAL DECISIONS AFFECTING BANKERS.

STEELE AND OTHERS v. M'KINLAY.

IN the case of *Steele and others v. M'Kinlay*, decided by the House of Lords on the 14th June, 1880, and reported in the *Law Reports Appeal Cases*, Vol. v. p. 754, the facts were as follows:—

In 1874, James M'Kinlay, who lived and traded at Glasgow, procured from Walker, who also lived at Glasgow, an advance of £1,000 on a bill of exchange for William and Thomas M'Kinlay, his two sons, who traded in Ireland as "W. and T. M'Kinlay."

Walker drew and signed a bill in the following form, which he handed to the father:—

"Glasgow, 25th May, 1881.

"£1,000 Sterling.

"Twelve months after date pay to me or my order, at the

"National Bank of Scotland's Office, Queen Street, the sum

"of one thousand pounds sterling, value received.

"JOHN E. WALKER.

"To Messrs. William and John M'Kinlay."

The bill was endorsed on the back as follows:—

"James M'Kinlay.

"John E. Walker."

The father forwarded it to his sons, who signed it as acceptors, and sent it back to their father, who wrote his own name across the back and gave it to Walker. Walker remitted the amount, less discount, to William and Thomas M'Kinlay.

Walker afterwards discounted the bill with his bankers, and for that purpose endorsed his name on it under that of James M'Kinlay.

The sons did not meet the bill at maturity, and Walker retired it. James M'Kinlay and Walker being both dead, there was no exact evidence to show why the father had put his name on the bill.

Walker's executors now sued the father's representatives for the £1,000, alleging that the father in his lifetime was liable either as co-acceptor with the sons for payment of the bill, or as an endorser, or as guaranteeing the payment of the bill.

The House of Lords, for the reasons following, held that the father was not liable in either capacity—

1. He could not be liable as acceptor because a bill can only be

accepted by the drawee to whom it is addressed, or, failing him, by some one for the honor of the drawer, or of one of the endorsers, and the bill in question was not addressed to the father but to the sons. Even if he had expressly written "Accepted, J. M'Kinlay," he would not have been liable as acceptor.

2. He could not be liable as endorser, because there cannot be interpolated as a party to a bill any one between the drawer and the acceptor. The character in which J. M'Kinlay became a party to the bill was both in law and in fact that of an endorser; and, in determining his legal position, the fact that his endorsement was written before the bill was delivered by the drawer, and the money advanced by him, was immaterial.

The English law does not admit of an endorsement of a bill by a stranger for the honor of the acceptor; but an endorsement by a stranger to a bill to one who is about to take it, is efficacious in English law. But such endorsement creates no obligation to those who were previously parties to the bill, and is solely for the benefit of those who take the bill subsequently. Any one who took the bill would have the right to hold J. M'Kinlay liable to him as an indorser incurring responsibility for the drawer; but it could not be an endorsement to the drawer, but the contrary.

3. He could not be liable as guaranteeing the payment of the bill, because it is required by statute that an agreement to answer for the debt of another shall be in writing, signed by the party to be charged therewith, or his agent duly authorised.

Such an agreement, (being different from that which the law merchant would infer from mere signature as it appears on the back of the bill) could only be proved by a writing properly signed, and such writing was here absent.

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THE MAYOR AND ALDERMEN OF THE CITY OF LONDON—*Appellants,*

AND

THE SHAREHOLDERS (INCORPORATED) OF THE LONDON JOINT STOCK BANK, *Respondents.*

(*Reported in full, p. 510.*)

I.—This case, in which judgment was delivered in the House of Lords on the 1st April, 1881, must be regarded as finally deciding that money cannot be attached by the process of so-called "Foreign Attachment" issued by the Lord Mayor's Court, in the hands of an Incorporated Joint Stock Bank, and further, that a payment made by any such bank under the presumed authority of a "Foreign Attachment" is not binding on the customer whose money is attached. It also confirms the decision referred to in

Vol. I. of the *Journal*, page 452, that "Foreign Attachment," founded as it hitherto has been, upon proceedings alleged to have taken place, but in fact fictitious, are invalid.

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REG. v. HARPER.

(*Reported in full*, p. 535.)

II.—In this case, in which judgment was given in the Queen's Bench Division on the 21st May, 1881, it was decided that an instrument in the form of a bill of exchange, accepted and endorsed, but not signed by the drawer, was not technically a bill of exchange so as to subject a person who had forged the indorsement to conviction for forging or feloniously uttering a bill of exchange. He might, it seems, have been convicted for forging at common law.

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SUFFELL v. THE BANK OF ENGLAND.

(*Reported in full*, p. 536.)

III.—In this case, in which judgment was delivered by Lord Chief Justice Coleridge, on the 4th July, 1881, certain Bank of England notes had been fraudulently obtained, and after their numbers had been fraudulently altered, with the object of preventing their being traced, had been transferred to a *bona fide* holder for value. The Court held that the alterations were not such as to alter the character of the instruments, and consequently that the bank had no right to refuse to pay them. It is, however, understood that this decision will be appealed against.

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ROXBURGHE v. COX.

(*Reported in full*, p. 539.)

IV.—In this case, which was heard on appeal on the 10th May 1881, the proceeds of sale of an officer's commission had been paid by the Paymaster-General to the army agents of the regiment, and had been carried by them to the account of the Army Purchase Commissioners, there to remain until the officer's retirement was gazetted. The army agents were also the officer's bankers. He had mortgaged the proceeds of his commission, and on the day after his retirement was gazetted: the mortgagee had given the army agents notice of his mortgage. It was held that they were entitled as against the mortgagee to deduct from the proceeds of sale of the commission the amount of the officer's overdrawn account.

## [HOUSE OF LORDS.]

THE MAYOR AND ALDERMEN OF THE CITY OF LONDON . . . . .	}	APPELLANTS,
AND		
THE SHAREHOLDERS (INCORPORATED) OF THE LONDON JOINT STOCK BANK . . . . .	}	RESPONDENTS.

*London—Foreign Attachment—Garnishee.*

The process against a garnishee, to enforce obedience to the jurisdiction of the Lord Mayor's Court in foreign attachment, is personal, and cannot be applied to a corporation aggregate.

Where, therefore, a corporation aggregate was cited, as garnishee, to appear in the Lord Mayor's Court, it was held entitled to maintain prohibition.

The suit of foreign attachment is founded upon ancient custom, and in itself is perfectly valid. The process by which it is sought to be enforced must be strictly pursued according to the custom. Fictitious summonses and returns will render the suit invalid.

No payment, but a payment made by compulsion of law, can discharge a garnishee from his original liability to his creditor.

THIS was an appeal against a decision of the Court of Appeal, which had affirmed a previous decision of the Common Pleas Division (1).

The respondents had been incorporated under the *Companies Act*, 1862. They had no public officer to represent them in suits in Courts of justice.

On the 18th of March, 1874, *Sarah Griesiell* levied a plaint in the Lord Mayor's Court against *Thomas Griesiell* for the recovery of a sum of £72. 18s., and, according to the forms of that Court, issued a process of foreign attachment against the respondents, alleging that they had in their hands moneys of the said *Thomas Griesiell* to that amount. On the 24th of April, 1874, the respondents moved in the Common Pleas Division for a writ of prohibition, and were ordered to declare in prohibition. They did so accordingly. The appellants put in certain pleas setting forth the custom of foreign attachment in the City of London, and justifying what had been done under that custom. Demurrers to these pleas were put in, and on the 2nd of November, 1874, the Common Pleas Division delivered judgment against the present appellants. That judgment was taken before the Court of Appeal and partly argued, but the farther argument was suspended until certain issues of fact, arising on the pleadings, should have been determined, for which purpose a special case in the nature of a special verdict was to be prepared. This was done, and on argument thereon the original decision of the Common Pleas Division was affirmed. This appeal was then brought.

The special case stated, at considerable length, the custom and

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(1) 1 C. P. D. 1; 5 C. P. D. 494.

the formal proceedings under it. The following portions of the special case are all that are necessary to be inserted here :—

Par. 12. "No process against the defendant issues, and no notice is given to him of the action or attachment, but the plaintiff makes an affidavit of debt, and gives information in the Mayor's Court office, that the defendant has moneys or goods in the hands of — (afterwards the garnishee)."

Par. 13. "Thereupon the serjeant-at-mace serves, upon the person named, a notice, attaching in such person's hands all such moneys, goods, and effects as you now have, or which hereafter shall come into your hands and custody, of the said defendant, to answer the said plaintiff, and that you are not to part with such moneys, goods, or effects without license of the Court."

Par. 14. "The next step is to issue a *scire facias* calling upon the garnishee to appear and show cause why the plaintiff should not have execution of the goods of the defendant in the garnishee's hands."

Par. 15. "If the garnishee does not appear, judgment is given for the plaintiff against him by default."

Par. 16. "If the garnishee does appear, the appearance is recorded, and then a record is made up stating the matters aforesaid, and containing a number of other averments, which, whatever their origin, are now, and have long been, formal and fictitious." Other proceedings are taken, the issues are tried, and judgment (if the case is proved) is given against the garnishee. The plaintiff in the case may then have execution against the garnishee, to the amount of the debt, upon the goods in the garnishee's hands. This may be the case though the defendant has never been personally summoned, nor has appeared. Should he appear, the foreign attachment is dissolved. Upon execution against the garnishee, he is discharged as to the defendant in the action, so far as the goods taken in execution are concerned.

Par. 23. "Besides these proceedings the record of foreign attachment made upon the appearance of the garnishee mixes up with the true history of what has been done, many of which are now, at all events, purely fictitious matters. It begins by stating that the plaintiff has summoned the defendant in an action of debt, that the serjeant-at-mace has returned that the defendant has nothing within the City by which he might be summoned, and that thereupon the plaintiff has, by word of mouth testified to the Court, that some other person has money or goods of the defendant in his hands within the jurisdiction, and that thereupon the Court has ordered the serjeant-at-mace to attach the defendant by such money or goods in the hands of such other person. It then goes on to state a return by the serjeant-at-mace of an attachment made accordingly (the last averment being according to the fact), and to allege that at that Court and three subsequent Courts the defendant



has been solemnly called and made default, and that such four defaults have been recorded. It then proceeds to state (truly) the *sci. fa.* to the garnishee, and the subsequent proceedings already described."

Par. 28. "If the garnishee did not appear, judgment went against him by default, and execution against the defendant's property in his hands might be issued. If he chose to appear, he was obliged to find sureties to be present from Court to Court, until the plea of foreign attachment should be ended; otherwise, he was committed to prison."

Par. 29. "Upon judgment for plaintiff the garnishee could hand over the money or goods attached; if he did not, he might be arrested and committed to prison."

Par. 54. "A *capias* has been issued for this purpose, and that form has in many instances been employed where corporations aggregate, but without a public officer, or any such individual person to represent them, have been garnishees. But it did not appear that the propriety of this form of proceeding had ever become the subject of judicial decision."

*The Attorney-General* (Sir Henry James), *Webster*, Q.C., and *R. S. Wright*, appeared for the appellants, and relied on the long exercise of this custom, and on the fact that corporations had in many instances, and without objection made, been the subjects of proceedings in foreign attachment. The fact that some of the statements made in the course of the process were legal fictions was not material. In many cases in the superior Courts themselves, there were allegations of proceedings which were merely formal and fictitious; but that did not affect the jurisdiction itself. What had been done here had been done immemorially, and the custom had been recognised and confirmed by statute (1). A corporation would come within the meaning of the word "person" (2), and the charters to the City made the custom applicable to all persons whatever. There is not any reason why a corporation should not have goods in its hands attached as a garnishee, the process in fact being against the corporation in its character of stakeholder, and the process affecting the goods, that is, the property, of the defendant in the action, and not the proper goods of the garnishee. A Court has an inherent right to enforce obedience to its lawful

(1) 2 Wm. & M. sess. 1, c. 8: "For reversing the judgment in a *quo warranto* against the City of London, and for restoring the City of London to its ancient rights and privileges." See also 20 & 21 Vict. c. clvii., the *Lord Mayor's Court Extension Act*.

(2) 2 Inst. 722, in commenting on the 39 Eliz. c. 5, takes the words "all

and every person and persons," and says these words regularly do extend to any body politic or corporate, . . . to such bodies politic or corporate as may alien, as mayors and commonalties, bailiffs and burgesses, &c., and the like, and to all other persons whatsoever."

orders, and no doubt there is process of the Court applicable as against corporations. If the pleadings as they now stand are defective, the custom itself being perfectly valid, they may be amended, but the jurisdiction of the Court itself cannot be assailed.

*Benjamin, Q.C., and W. G. Harrison, Q.C., (Kemp, Q.C., was with them), for the respondents:—*

Where processes are not real but fictitious, the jurisdiction which affects to be founded on them cannot be sustained. Assuming everything in favour of the jurisdiction of foreign attachment as an ancient custom, it is clear that that jurisdiction cannot properly be enforced against a corporation, which cannot be arrested and committed to prison, and yet without those acts there can be, under the alleged custom, no enforcement of the jurisdiction against a garnishee. In the certificates of the custom corporations are never mentioned as subject to it. For the reason already given, the custom cannot be, in practice, made applicable to them. The confirmation, by statutes, of the customs of *London* were only confirmations of general and ascertained public rights, but did not have the effect of establishing customs which were impracticable in themselves and could not be enforced, and were, in the mode of exercising them, contrary to the principles of law. It is contrary to the principle of law to make the holder of another man's property hand over, to a third person, that property, when the person to whom it belongs has never received notice that his rights to it are to be called in question. The custom set up here is that that may be done; but that is contrary to law, and the special case shows that an unlawful and fictitious mode of procedure is sought to be followed. That cannot be allowed, and the garnishee, the corporation, is entitled to claim prohibition.

[The cases and text-books referred to in the Court below on both sides were cited. They are so fully examined and commented on in the judgments that it has not been deemed necessary to repeat the references to them here.]

April 1. THE LORD CHANCELLOR (*Lord Selborne*):—

My lords, this question arises upon a prohibition obtained by the respondents against the appellants, the corporation of *London*, to prohibit certain proceedings against the respondents (who are a corporation aggregate) by way of foreign attachment according to the custom of the City. The case in the first instance came before the Common Pleas Division of the High Court of Justice upon demurrer; the demurrer of course assuming the facts, as pleaded by the corporation, to be true. According to those facts, as they were then pleaded, the custom appeared in all respects to have been followed in point of fact; that is to say, the different steps and proceedings appeared to have been taken according to the custom as anciently certified, subject to this question only, whether the custom, so followed, was applicable to a corporation

**aggregate.** The Common Pleas Division held that it was not; and the substantial point to be now determined is whether that decision, upon those pleadings, was right; for which purpose we must leave out of sight all variance between the facts as they really were, and the facts as pleaded.

When the case was brought before the Court of Appeal, both sides agreed, that it would be convenient to have the facts before the Court, as well as the pleadings, in order that the question of substance might be determined upon the true materials in that stage, instead of being postponed, to be determined afterwards in some other way. A special case was accordingly stated, by which it appeared, that all the preliminary and introductory proceedings, pleaded as having taken place, were merely fictitious, and had never taken place at all. Other facts of importance, with regard to the practice under the custom, at different times, were also found by the special case; and it was agreed that, for the purposes of the decision of the demurrer upon appeal, the Court should take judicial notice of all the facts so found by the special case.

I pause to observe that, under those circumstances, there was really no question whether the custom itself, such as it was certified to be in ancient times, if followed in fact, in a case properly falling within it, was good or bad; and nothing which has taken place in the case, nothing which may now take place in your lordships' house, will, in my opinion, throw any doubt upon the validity of that custom, if duly and properly followed in cases which really fall within it.

Upon the facts, as stated in the special case, the Court of Appeal held, first, that the custom had not been followed in divers necessary points, as to which fictitious statements had been introduced upon the City record; and, secondly, that the demurrer, taking into account both the original pleading and all the new matter, of which, according to the agreement, the Court was to take notice, had been properly disposed of by the Common Pleas Division. In this state of things, there is now only one question really before your lordships; and that is, whether a corporation aggregate is within the custom. It was not seriously disputed at the bar that the custom as it had been anciently certified, which alone could be binding, required that there should be a real defendant, and real proceedings taken with a view to summon him, and to put him in default, before a foreign attachment could issue against his goods or his debts, in the hands of, or due from, a third person in the City. It was admitted, that there had been, in this case, no such proceedings; and it was felt, therefore, that the judgment of the Court of Appeal, upon the whole facts, was one which it would not be possible to disturb. The argument was in substance confined to the question upon the demurrer, into which, of course, these facts, contradicting the matters pleaded, could not

enter, although the other facts as to the custom and the practice under it, found by the special case, can now be taken judicial notice of, as they were in the Court of Appeal.

Addressing myself to that question, which I consider the only one before your lordships' house, namely, whether a corporation aggregate is within this custom or not, the first matter which it is proper to consider is the nature of the custom itself. Foreign attachment is an incidental process against a defendant to a suit, who has not appeared, having been summoned according to the course of the Court, to compel his appearance. The only thing which makes such a custom reasonable at all, and capable of being sustained in law, is, that the Court which has jurisdiction over the defendant, is in substance, by this custom, acting against the defendant alone, to compel his submission to that jurisdiction. For this purpose, it arrests or attaches his goods within the jurisdiction, or the debts owing to him within the jurisdiction (which are equivalent to his goods), by way of security to enforce his appearance, in whatever hands they may happen to be found. The stakeholder, the person in whose hands these goods of the defendant may be, or from whom the debt is due to the defendant, has no interest in the matter, and does not suffer in any interest of his own, so long as he is properly indemnified; and the custom, if duly followed, indemnifies him.

As against the garnishee (that is, the third party, the stakeholder) the whole proceeding is *res inter alios acta*. He is no party to the suit; no judgment, in any proper sense of that word, can pass against him in that suit, or be executed against him; on any principle which is applicable to a defendant before a competent Court. In order to bind him, and in order also to indemnify him, the custom must be strictly applicable to the case, and it must be followed in all material points. The effect of the custom, when so followed, when the goods in his hands are delivered over, or when the debt due from him is paid (or security given by him for its payment, if it is not payable at the time), is to discharge him, not by virtue of the terms of his contract, but against that contract, and without the consent of the bailor or creditor, from all further liability for the goods or money to which the bailor or creditor was entitled. That is the peculiar effect of the custom; and upon what principle is it possible that such an effect can be produced? On one principle only, that of a delivery or payment by compulsion of law. If that element were absent, it would be impossible that he could be absolved, as against his creditor, from a debt which he has paid, without the creditor's authority, to a person to whom it was not payable by the contract. But if it be by compulsion of law, then he is discharged. It may be by compulsion of law if the custom is reasonable; and the custom, being long established, is not in law unreasonable so long as its operation and effect is

strictly limited to its proper object, that of compelling the submission of a defendant, in an action duly instituted against him before a competent Court, to the jurisdiction of that Court in that action; and so long as it is pursued only against that which is ascertained to be the property, or the debt, of that person, the defendant in the action, in the hands of the garnishee.

Therefore, my lords, execution, by some process of law which amounts to compulsion, is indispensable for this purpose, indispensable for the indemnity of the garnishee, and therefore indispensable in order that the garnishee should be bound. And so it appears to be, according to the certificate given by *Starkey* in the year 1481, in the case of *Bourghier v. Colyns* (1). "After such security found, and execution of that sum, so in the hands and custody of that other person attached and defended, had by the plaintiff in the same plaint, such other person should be discharged of the same sum against the defendant named in the plaint aforesaid, and the same defendant should likewise be discharged of so great a sum of the debt specified in the same plaint against the plaintiff named in the said plaint." When the certificate says, "after such security found," that means, security which is to be given for restitution within a year and a day, if the defendant appears and gives bail as the custom requires. That having been the essential condition of the discharge of the garnishee according to this ancient certificate, the modern cases of *Wetter v. Rucker* (2) (which was not indeed the first case of the kind, for earlier authorities are referred to in it) and *McGrath v. Hardy* (3) show emphatically, that the whole effect of the custom against the garnishee depends upon the fulfilment of that condition. Without execution, it is nothing; without execution, the payment is voluntary; and all the other proceedings leave him, although he hands over the goods or pays the money, still liable to his original creditor.

Now, what is execution within the meaning of that principle? I apprehend it is that process of the Court against a garnishee, which, if disobeyed, the Court can and will enforce against him. It is not necessary to refer to the form of that process; I rather think, from the statement in the 29th paragraph of the special case, that it must be what is there set out, an authority from the Court to its officer to receive the debt, if it be money, or the goods, if it be goods.

In that state of the case, that being the principle by which it must be governed, we have nothing to do here with the question, whether the mere terms of the custom, as certified by *Starkey*, and

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(1) Law Rep. 2 H. L. 242, n.; *Thorpe's Saxon Laws*, 35; *Bohun's Privilegia Londini*, ed. 1723, p. 253 *et seq.*

(2) 1 Bro. & B. 494.

(3) 4 Bing. N. C. 782.

stated in other ancient books (such as the *Liber Albus*, and the "City Law") would by themselves show that a corporation is excluded. It may be assumed, that they do not. *Starkey* in his certificate states the custom thus: "It shall have been testified and alleged, by the plaintiff, that any other person, for whatever reason, should be indebted to the defendant in any sum of debt." No doubt, as far as these words go, there is nothing to prevent a corporation from coming within the custom; because the word "person" might be applicable to a corporation, unless there were something in the context to exclude it; and in the mere reason of the thing, if in all other material and necessary respects the custom could be pursued against a corporation, there would not appear to be any objection to understanding the word "person," there, in as large a sense as it is capable of in law. The same remark applies to the *Liber Albus*, and the "City Law," which is a translation from it. In the "City Law" (1), the words are, "where it is alleged that the defendant hath goods and chattels or debts in other's hands, or in other's keeping, within the said City." These words are certainly large enough to include a corporation, if, in all other necessary respects, the custom could be applied to it.

But the question is, whether that which is of the essence of the custom, in order to bind the garnishee and to discharge him, can be done in the case of a corporation? Whether the custom provides any means of enforcing the delivery of goods, or the payment of a debt, against a corporation garnishee? If it does not, then according to principle, and according to the authorities, a payment by the corporation would be voluntary, as was decided in *Wetter v. Rucker* (2). Though everything else may have been done which the custom would authorise, yet, if it has not been brought to the point of compulsion in law (which it cannot be if there are no means of compulsion in law) the payment is voluntary, and the garnishee is not discharged.

I do not think we have here anything to do with the question whether a corporation can or cannot be a defendant to a suit in the Lord Mayor's Court. That, as I understand the matter, does not depend upon custom. The City Courts are held under the City charters; and, if there be nothing to prevent a corporation from being sued, I am not at all satisfied that there are not processes of the City Court by which a judgment of that Court may be executed, either in favour of a corporation plaintiff or against a corporation defendant. When, in a Court of competent jurisdiction, final judgment passes against a defendant upon a matter in dispute, execution follows by all the ordinary legal means, and, to use language which was used at the bar, the Court will

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(1) At page 109.

(2) 1 Bro. & B. 494.

employ all its inherent powers to enforce its judgments. The City Court, in that respect, would be like any other of the Courts of the realm. Of those inherent powers to enforce judgments the writ of *feri facias* is one, and there are other writs analogous to it; and against a corporation, there is also sequestration or *distringas*. There is therefore, according to the ordinary law, and having regard to the inherent powers of Courts to enforce their judgments, no apparent difficulty in using against a corporation those means, which are as effectual against a corporation as against anybody else, and one of which is specially adapted to the particular case.

These considerations, however, are inapplicable to the case of a person who is not a defendant sued by any plaintiff in a Court of competent jurisdiction who is not amenable as such to the ordinary process of that Court, but who is affected only by a collateral process against another person, the defendant in a suit. There are no ordinary means, there are no inherent powers of the Court, when the Court is dealing, not with a defendant who has had final judgment against him, but with a mere stakeholder who is not a party. As to such a person, everything must depend upon the custom alone; nothing can be done which the custom cannot be shown to authorise. *Fieri facias* is clearly inapplicable in such a case, because there is no judgment against the garnishee in any true sense of the word; certainly there is no final judgment to be executed. With regard to *distringas* or sequestration, those are processes which might perhaps have been available, if there had been a custom to use them; but, if there is not such a custom shown, I know no principle of law from which you can infer or imply that they are to be used, merely for the purpose of bringing within the custom a legal person who otherwise could not be put in the position of having to pay a debt by compulsion of law.

My lords, the only customary mode of execution against a garnishee, of which any proof has been offered, is a process *in personam* to compel obedience to the attachment; on the principle, I suppose, that the Court having authority, founded on its jurisdiction against the defendant in the action, to attach that defendant's goods, or a debt due to him, when it exercises that jurisdiction and gives notice of it in the customary manner to a third party (the garnishee), he is bound to render obedience to that lawful order. It is upon the footing of personal disobedience to an order binding on him, in a case where there is no jurisdiction against his property, but only against his person, that by personal process his obedience to that order is secured.

It is admitted that *Guscoyne v. Penyke* (1), a very ancient case of the fourteenth century, decided in the year 1374, is the only authority which can be discovered in which anything else than

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(1) Rolls and Memoranda (A.D. 1374) A. 19, Roll 19.

personal process clearly appears to have been used. I say "clearly appears," because it was contended at the bar, that you might infer from one other case that there had been some other process; I will presently mention that case. But it is stated in the special case that there is no authority discoverable for the use of any but personal process, except *Gascoyne v. Penyke* (1), and that statement was not otherwise disputed at the bar, than by suggesting that you might infer something of the same kind to have taken place in one or two other instances, in which it did not expressly appear.

Now, my lords, *Gascoyne v. Penyke* (1) has really been given up at the Bar. I do not think that it can possibly be reconciled with what appears upon the whole course of the practice under the custom, from *Starkey's* certificate downwards; because in that case the process of *feri facias* against the garnishee's goods was ordered to be issued and executed in the first instance, and if nothing could be taken under that, then the personal process of *capias* was to be resorted to. It is admitted, on all hands, that the practice under the custom has been to issue at once the personal process of *capias* against a person subject to that process; and therefore to interpose, as something to come before it, the very different process of *feri facias*, is wholly inconsistent with the practice which is proved to have been followed.

An ingenious (and, if the record would admit of it, a not improbable) explanation of that case of *Gascoyne v. Penyke* (1) was suggested in the able argument of Mr. *Harrison* at your lordships' bar. It was this, that there had been, in that case, a prior proceeding in which the garnishee had appeared, and in which, admitting the justice of the plaintiff's claim as against the defendant as he had made it in the action or suit, he admitted also that he was himself authorised to receive, but had not at that time received, from two particular debtors, moneys which were due from them to the defendant. The suggestion was, that if the custom under these circumstances was duly followed, the Court, when he made that admission, would have adjudicated against him, that, when he received those moneys from those persons, he should pay them over, according to the custom, to the officer of the Court for the purposes of the suit; and not only so, but that he should then and there give security (his own and that of sureties, or perhaps his own alone) that he would make that payment; and that the *feri facias*, ultimately issued, would have been founded upon the security which he was assumed to have given upon the former occasion. The difficulty I felt in accepting that as a satisfactory explanation was this, that I cannot understand how, if that had been the foundation of the proceeding, the record could

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(1) Rolls and Memoranda (A.D. 1374) A. 19, Roll 19.



have been drawn up in a form which took no notice of the fact that any such security had been given: and that difficulty the learned counsel was not able to remove.

But, my lords, all which it can be necessary to say about that case is, that either that is the true explanation (which, if accepted, makes it inapplicable to the present case), or, if that be not the true explanation, then it stands alone, and is in contradiction not only to the custom as certified and stated in the books, but to the custom as it has since been uniformly followed. Your lordships cannot possibly take it as an authority, that according to the custom *feri facias* can be issued against a garnishee; and I greatly doubt whether, if such a custom had been set up, it could have been maintained as reasonable; the jurisdiction of the Court, against the garnishee, being simply and solely against him as a stakeholder of the defendant's goods. To issue a *feri facias* against the goods of the garnishee who is not before the Court to answer for himself at all, but who has only to answer for specific property of another in his hands, would seem to be inconsistent with that principle.

With regard to the other case, as to which it was said that we ought to read between the lines something implying some process against goods different from personal process, the case of *Huet v. Massana* (*Locke* garnishee) (1) in 1446, I can only say that I am unable to read that as it was put by the learned counsel at the bar. I cannot see in it any indication whatever of a departure from the ordinary process. The words "arrest" and "attachment" are used, but solely with reference to the goods of the defendant. The whole record, if examined from beginning to end, appears to me to be perfectly consistent with the supposition, that nothing else was done than to serve upon the garnishee that final process, in the ordinary course of attachment, which introduces the power of compulsion by personal process. The man against whom that was done, *Locke*, set up a claim of privilege, because he was going on legal business to one of the Courts at *Westminster*. He said that there was a privilege, not only that a man should not be molested himself in respect of his own goods, but also that he should not be molested in respect of the goods of anybody else in his hands. It is unnecessary to say how far such a notion of privilege could have been entertained; however, that was his ground, and what he complained of was that the goods of another person in his hands were attached—simply attached, as I assume from the rest of the record, by that which may be described as the final process of attachment, which would be equivalent to execution, (though not in this case actually followed by *capias*,) while he was so engaged. In my judgment, there is no evidence on that record

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(1) Rolls and Memoranda (A.D. 1446) A. 73, Rolls 12-15.

of anything but the ordinary practice of attachment under the custom.

Well, then, my lords, precedents of corporations against which this process of attachment has actually been used, from the year 1796 downwards, have been referred to. It is not necessary to examine those precedents with any minuteness. It was admitted at the Bar that it does not appear, as to the earlier of those precedents, that anything was done which would indicate submission on the part of the corporations to the process; much less that any form of compulsory process was issued against any of those corporations for disobedience. But there is an observation which tends to deprive that whole series of precedents, although going back for nearly a century, of the weight which perhaps in many cases might be due to recent practice as evidence of an older custom; and that is, that the present special case states that for a long time past, which I cannot but infer may reach farther back than 1796, practices inconsistent with the custom, fictions instead of facts, such as in this very case have been admitted to be departures from the custom, have prevailed in the City. When we have evidence of such irregularities in proceedings nominally under the custom, these modern instances of attempts to apply the custom to corporations cease to have the weight, which possibly they might have had, if it could have been shown, first, that in all other respects during that period it had been the practice to pursue the custom with propriety and regularity; and, secondly, that in these cases against corporations, the attachments had been made effectual, either by submission of the corporations to the process, without its being ever questioned in any Court by their creditors, or by some means of compulsion having been actually used against them.

When we examine the matter a little farther, I think it becomes more and more apparent that the custom does essentially require personal process against a garnishee as the only means of enforcing his obedience. In the special case, at paragraph 54, we are told, that although from the year 1852 down to 1872—that is, within the last thirty years—there were numerous instances in which moneys in the hands of corporations aggregate had *de facto* been attached in the Mayor's Court and judgment signed against the garnishees, and although in many of those cases execution had been actually issued, and the money paid by the garnishee, under that process, yet we are also told that “the process issued has in every instance been in the form of a *capias*” (that is, personal process), “the direction to the serjeant-at-mace being to take the *City Bank* or the *Peninsular and Oriental Steam Navigation Company*, or whatever the corporation might be.”

It does, therefore, appear from that paragraph, that, within a period of time so recent as to be of no weight in the case, (to say

nothing of the other irregularities which were customary during that period, to which I have already referred,) this process has been used against corporations, and with effect, in this sense, that garnishee corporations have paid money, whatever risks they may have run by it. But so far from any attempt being made to claim the right of enforcing that process against corporations, even during that period, by any other than personal process, the uniform practice has been to issue a *capias*, assuming that the body of the *City Bank*, or that the body of the *Peninsular and Oriental Steam Navigation Company*, could be taken, and, I suppose, put into prison or detained in custody in some manner unexplained. Nothing can more strongly show, that no other mode of making this attachment compulsory upon any garnishee was known.

There is another statement, in the 28th paragraph of the special case, which is material upon this subject; and that is, that whenever a garnishee chose to appear, upon his appearance he had a right, (as of course,) to say that he owed nothing to the defendant, and had no goods of the defendant's in his hands. But if he chose, for this or any other purpose, to appear, then before he could be heard, or could plead at all, or make his defence, "he was obliged to find sureties to be present from Court to Court until the plea of foreign attachment should be ended; otherwise, he was committed to prison." Except on compliance with that condition, the garnishee would not be allowed to make his defence. How can a corporation be present from Court to Court? It is said, "By attorney." But if the object is to have the means of committing him to prison, if he does not obey the process, I apprehend that the presence of an attorney would be of exceedingly little value. Not only was he to give security to be present from Court to Court, but "otherwise he was committed to prison." How could a corporation be committed to prison? The sureties he gave (if he gave sureties) were not that he should pay the amount if the issues were found against him, but that he should be present in the body from Court to Court until the plea of foreign attachment was determined; not present by his attorney, but "present in the body;" that his body should be taken, if he was guilty of disobedience to the lawful orders of the Court.

That this is an accurate statement, is clear from several of the ancient authorities set forth in the printed case. There is a case which arose on *habeas corpus* in 1443, *Welles' Case* (1), and by the return it appears, after stating the preliminary proceedings, that goods in the hands of *Welles* belonging to the defendant in the action were adjudged to be delivered according to the custom of the City to the plaintiff in the action, and that "the

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(1) Rolls and Memoranda (A.D. 1443) A. 70, M. 5.

said *John Welles*" (the garnishee) "named in the same writ, for that he was summoned and came not according to the custom of the said City, by default was condemned by the foreign attachment aforesaid;" "whereupon, according to the custom of the City," at the instance of the plaintiff, "one of the serjeants-at-mace was commanded to attach *by his body* the said *John Welles*, and cause him to be led to the prison of the Lord the King," "there to remain until the said *John Welles* should satisfy the said plaintiff of the said sum." It was not to distrain his goods, not to levy anything upon them, but to attach him by his body.

We have also examples of the form of security given, when submission to the Court was not made. There is a precedent of the year 1680, where *Ayliffe* (1) was the name of the garnishee. *Hayden* the defendant was attached by £20 in the hands of *Ayliffe*, and *Ayliffe*, at the suit of the plaintiff, was warned to appear. He appeared and found sureties to have his body from Court to Court until the end of the plea " *ad habendum corpus dicti Thomæ Ayliffe in attachamento, et sic deinceps de curia in curiam usque ad finem placiti illius.*" In the case of *Gooch v. Loveland* (2), the proceedings were similar, and the party did not produce his body according to the engagement. *Francis Haddon* the garnishee had given as sureties persons named *Edney* and *Lench*. The security was "to have, &c." (and no doubt that "&c." means "his body" "from Court to Court until the end of that plea, &c., according to the custom." Afterwards the garnishee, *Francis Haddon*, "by and at the instance of his mainpernours aforesaid," (that is his sureties,) "was committed to the prison of the Lord the King in the counter of the *Poultry* of *London*, under the custody of us the aforesaid sheriffs, there to remain until the end of the plea of the attachment aforesaid."

These examples show that the custom was, if the garnishee did not appear, to commit him to prison; and, if he did appear, and time was given for farther proceedings, to take security for his personal appearance from Court to Court, and if he made any subsequent default, then also to commit him to prison. Commitment to prison is the only way in which, according to the whole course of these precedents, and the findings in the present special case, the garnishee could be compelled to obey; and that, as I have already said, rests upon an intelligible principle. Nothing more need be said to show that such a custom cannot be applied to a corporation, because it fails in this essential and indispensable point, that it cannot, as against a corporation, have the force of compulsion in law.

Upon these grounds, I think, that the judgments under appeal are right, and must be affirmed, and I so move your lordships.

(1) Returns to Writs, City Archives, vol. iii. f. 20 b.

(2) Returns to Writs, City Archives, vol. i. f. 139 b.

LORD BLACKBURN :—

My lords, I have come to the same conclusion.

I think it necessary to observe, in the first place, upon the way in which the point is raised, in order that it may be seen what the House has really to decide. The declaration in prohibition is on this ground; the plaintiffs in prohibition allege, and truly allege, that they are a body corporate, a corporation aggregate, and they assert that "according to the law of this kingdom of *England*, the plaintiffs as such corporation as aforesaid are not liable to any process of foreign attachment issuing out of the Lord Mayor's Court," yet the proceedings are taken to enforce a foreign attachment against them, being a body corporate, which the other party threatens to do "by *feri facias* and otherwise against the goods of the plaintiffs." Such is the declaration in prohibition.

That is met by these pleas. The first plea, denying that they are a corporation, is of course a mere idle plea. The second says that "the plaintiffs, as such corporation, were and are liable to the said process, and the said Court had, and has, power and authority to attach moneys, goods, and effects of the defendant in the said suit." That is a traverse, raising the question whether the custom does apply to a corporation or not, and that will be of course the main question in the case as raised here. But besides that, the defendants pleaded a special plea, which would be perfectly good if it had been applied to an ordinary garnishee. They plead this custom of foreign attachment in the City, setting it out, as it has been certified often enough, the words of the old certificate being, "If any person found in the City is indebted," and so on. The word "person" might include a corporation, or it might not, that is not expressed, and I shall have to say a word or two about that by-and-bye.

But then they proceed to state the facts, and there is this material averment, "At the petition of the said *Sarah Griessell* then and there made to such Court by her said attorney, and by virtue of such plaint, it was then and there commanded by the said Court to one of the serjeants-at-mace of the said mayor, and a minister of such Court, that he, according to such custom, should summon the said *Thomas Griessell* to appear at the same Court, so holden before the mayor and aldermen of the said City, to answer the said *Sarah Griessell* in the plea in such plaint specified, and that the said serjeant at-mace should return and certify what he should do by virtue of the said precept, that afterwards at the same Court the said serjeant-at-mace, according to such custom, returned and certified to the same Court that the said *Thomas Griessell* had nothing within the said City, or the liberties thereof, whereby he could be summoned, nor was he to be found within the same, and thereupon the said *Thomas Griessell* was then and there at the same

Court solemnly called, and did not appear." That is the form of the averment which has been, I think, in all the pleas of foreign attachment since foreign attachment was first pleaded (which is now for 500 years and more), and imperfect as is the security that the defendant should know of the foreign attachment, and that his moneys in the hands of his debtor should not be taken away without notice, there is *some* security there given, namely, that the serjeant-at-mace, a responsible officer, should have tried to find the defendant, that he should not have been able to find him, and that he should not have been able to find anything by which he could summon him. It gives an imperfect security perhaps, but it gives some security that his goods shall not be taken behind his back, and that security it is, and I apprehend that security alone, which has prevented the custom of foreign attachment from being held to be utterly unreasonable and void as against a defendant; the reason being that this does give some security, that except in cases where the defendant having been within the City has absconded, leaving nobody to look out for him, and has moreover left no property within the City, that is, not in the hands of another—except in such cases he shall have an opportunity of appearing before the plaintiffs come upon his debtor at all. That is clearly material, and indeed a necessary averment in the plea.

There was a demurrer to that plea, and upon demurrer the averment must be taken to be true. The object of the demurrer, no doubt, was to raise the question for the Judges of the Common Pleas Division to determine upon what they took judicial notice of, namely, the custom of foreign attachment, whether or no the custom of foreign attachment did apply to a corporation aggregate as garnishee. There is considerable difficulty in saying how that question could be properly raised as the case then stood, I do not say that it might not be, but I say there is very considerable difficulty about it, for although the Courts do know and take judicial notice of a great many of the customs of the City of *London*, and of the custom of foreign attachment in particular, there might be a good deal of dispute as to whether it was not possible that some customs might exist of which the Courts had not yet taken judicial notice, and when the case went up to the Court of Appeal on the demurrer, at first, I understand (it does not appear very distinctly on the papers before us how it was) that the late Lord Justice *Mellish* pointed that out, and said that to raise the real question before the Court, it was necessary that the issue of fact, particularly the issue upon the second plea, should be ascertained, or if not necessary, at all events highly desirable that that should be done before they decided the question, and I think he was perfectly right in that. Accordingly it was arranged and agreed that that should be done, and that then the argument should be resumed, and there was an order of reference made to

have the matter settled upon the terms which are there mentioned by an arbitrator. That has been done and a special case has been stated. Now it is not expressly stated upon that order what arrangement was made, but it is obvious enough, I think, that the spirit of what was then agreed to was this: that if there should be any difficulty upon the demurrer to the plea and upon the plea both should be amended. They would have been amended of course in every particular that was requisite in order to raise the real question, and if there should be any difficulty as to that, we have to look to the facts as found upon the special case, to see what the custom really was, and accordingly, without any attempt to shrink from it, it has been so argued before us. I do not enter into the inquiry of what amendments precisely might have been required upon the demurrer to the plea, or whether the question was rightly raised upon the demurrer to the plea, or not. I think that is all put aside by this arrangement; and, in fact, the point for your lordships really to decide, taking the whole matter together, is this, is the custom really established or not? The issue of law would follow the issue of fact, if I may use that phrase. Then are the issues of fact to be found for the defendant or not?

Now, my lords, when the special case comes to be examined, it appears that upon that particular part of the plea which alleged, what certainly is an essential part of the custom, and was an essential part of the plea, namely, that there had been that kind of notice given to the defendant, or rather that security that the defendant should hear of the proceedings, unless he had run away, or absconded, which would be implied by the serjeant-at-mace trying to find him, and returning *non est inventus*, (and if the serjeant-at-mace returned *non est inventus*, unless it was true, he would be responsible for having made a false return,) upon this essential part of the custom and of the plea it turned out that that had never taken place at all. It appears that a very improper practice has existed for a long while in the City of London. They have been content to write down that these things have been done when they have not been done at all. I will not inquire with what object that was done, or how it came to be done, farther than to say this; whatever may be the case, if a garnishee is defending himself, I cannot doubt at all that the Court of Appeal was perfectly right in saying that that question being raised here, there was no technical estoppel or objection of any sort, and that the point being raised by the garnishee it is conclusive. The plea as pleaded is not proved in an essential part, and consequently the defendant is entitled to judgment. But then that turns solely upon the particular instance in which it has happened. It does not decide the general question as to the custom.

Now, upon the general question there was an attempt made to argue thus. Mr. Benjamin, if I understood him rightly, said, as

it is shown that in the City of *London* the authorities have for a long while been abusing this process (for that is what it comes to) therefore the custom must be considered as forfeited and at an end. No authority was cited for such a proposition, and I know of none. There are some authorities for saying that when a body corporate has abused its franchises, those franchises may at the instance of the Crown be seized and treated as forfeited for the abuse; but I have never heard, nor am I aware of any authority for saying, that the fact that many people have abused and made an ill-use of this custom of foreign attachment, and have used it for purposes for which it was not intended, and have probably done a good deal of mischief in so doing, that that fact is to prevent others, innocent persons, from using the custom, if they use it properly afterwards. I do not think, my lords, there is any ground for saying that.

Then we come to the real question which was intended to be raised, namely, does this custom apply to a corporation aggregate as garnishee? The Judges of the Common Pleas Division in giving their judgment, render reasons which are not to my mind satisfactory, that led them to the conclusion that a corporation aggregate could not be a defendant in a Court. I do not think it necessary to inquire into that farther than to say, that I do not see any reason why a corporation aggregate cannot be a defendant in a Court. I think the decision of the Court of Error in the case of — *v. The Hamburg Company* (1) in the reign of *Charles II.*, was a decision that a corporation aggregate could be a defendant. I do not see why it should not. However, it is not necessary now to decide that.

My lords, assuming it to be convenient and desirable that a natural person, being a debtor to another, should be capable of being treated as a garnishee and having the other's goods attached in his hands, I do not see that there is anything, in the reason or sense of the thing, why a corporation aggregate being a debtor should not be treated in the same way. If it be convenient and desirable, for instance, that Messrs. *Smith Payne & Smith* the bankers, being natural persons, should have balances in their hands attachable, in order to force their customers to come in, it is equally natural and equally reasonable that the *London Joint Stock Banking Company*, although a corporation, should also be subject to the same liability. But that is not the question. Customs must be immemorial customs; we must see whether the custom has existed from time immemorial. Be it that we are satisfied that the custom would be as good when applied to another subject as to one in which it has existed, we cannot establish that. The legislature might do so if it pleased, but nobody else can.

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(1) 1 Mod. 212.



Therefore the question comes to be ; is the custom here applicable to a corporation aggregate ? Two objections are made to that ; they are real and substantial objections, upon which I think the whole turns. The garnishee, if he is to be obliged to pay the money, must be discharged from paying it to his creditor. Now the garnishee cannot, according to the authorities, or to reason, set himself free towards his creditor by making any voluntary payment : it must be a compulsory payment ; a payment under compulsion of law or else he is not discharged. That brings us to the question, can a corporation aggregate be compelled to pay money in this way ? The other way of putting it (the way in which Mr. *Harrison* put it, which did not strike me at first), really involves the same question. It is of the essence of justice that the garnishee who is called upon to pay for a person, money which is alleged to be due from himself to that person, should have an opportunity of saying "I do not owe the money at all," and should be allowed to plead *nil habet*. A garnishee who is a natural person, can, according to the custom of the City of *London*, come in and, giving special bail or rendering himself, plead *nil habet*. He is allowed to plead that, and to say "I owe nothing." Can a corporation aggregate do that ? That comes round to nearly the same question as this : are the customary processes of the Court of the City such as to allow a corporation aggregate being a garnishee, to come in and plead *nil habet* ? If not any custom which attached to a corporation would be in itself utterly unreasonable and void, and could not be enforced.

Now, upon that, my lords, the two questions which come before us are really nearly the same in point of fact. I can hardly call it fact ; it is a mixture of law which the Courts take notice of, and matters proved by old records, and one thing and another ; it is therefore a mixture of law and fact : still it comes to be a question, is the process of the appellants by which they enforce obedience to their orders upon foreign attachment one which is applicable to a corporation ? It was argued, or endeavoured to be argued, that there was something inherent in a Court which enabled it when it made an order to enforce that order. Where it is a Common Law order, you can enforce the order by the Common Law processes. Where it is a thing which would not be done at Common Law, but owes its validity to custom, the rule is that it can only be enforced by customary processes. Now, if it were established as a fact (if it could be), that corporations aggregate had been treated as garnishees from early times, so as to establish that they have been from time immemorial treated as garnishees, according to this custom, I should not hesitate to draw the inference that there must have been a process by which they were forced to obey. The custom could not have been applied to them, and they could not have been treated as garnishees from a time

to which the memory of man runs not to the contrary, unless there had been some process or other by which corporations aggregate could be compelled to obey a warning given to them, or an order made upon them as garnishees. If it had been established that that had been done, I should draw at once the conclusion that there was such a process. Or, if, on the other hand, it was shown as a matter of antiquarian knowledge, or in one way or other made out that there was some process applicable to a natural person—an individual—who was a garnishee, by which he could be compelled to pay, other than by taking his person, if it could be shown that there was some means by which he could be compelled to obey an order, or have his goods taken, other than a *fi. fa.* against him, it would go very far—I do not say that it would go the whole way, but it would go very far indeed, to make me believe that corporations aggregate which could have it enforced against them by that kind of process, might also be garnishees. But when one comes to look at this special case, and at all the authorities which have been cited, one finds that neither of those propositions has been made out at all. In the case itself it is stated, and truly stated, “The garnishee” “if he desired to dispute the debt alleged to be due from him to the defendant needed to appear. His appearance however, was merely for his own protection. Want of appearance on his part did not, as did want of appearance by the defendant in the original action, prevent the plaintiff from getting any farther. From the earliest period, if the garnishee did not appear final judgment went against him by default, with the same consequences as ensued upon judgment after appearance and verdict. Accordingly there is no trace of any process, whether in the nature of *distringas* or *capias*, or otherwise, for the purpose of compelling the garnishee to appear. If he chose to appear, he was obliged to find sureties to be present from Court to Court until the plea of foreign attachment should be ended, otherwise he was committed to prison.” Could a corporation aggregate do that? Could a corporation aggregate “find sureties to be present from Court to Court?” Or could a corporation aggregate, if it did not find the sureties, be “committed to prison?” Upon the face of the thing, the statement is enough to show that it could not be so; and consequently it seems to be very plain upon that statement that a corporation aggregate could not come in and plead *nil habet*, because it could neither give the sureties nor go to prison, nor give special bail to render the person to prison which the custom required, and that would seem to go very far to show that the custom could not be applicable to a corporation aggregate.

Then, my lords, the special case proceeds to say that “in the great majority of instances the garnishee when judgment was given against him handed over the money or goods attached to the

serjeant-at-mace without actual compulsion, and the serjeant-at-mace thereupon handed the same to the plaintiff. If the money or goods were not forthcoming, the garnishee might be and ordinarily was arrested and committed to prison. Whether a process in the nature of a *fi. fa.* was also available" (it proceeds to say) "is a matter in dispute," and which, of course, the Court has to determine. But I pause to say that that shows that in the ordinary course, at least, the customary process to compel obedience was one which was not applicable to a corporation aggregate, and such a corporation, therefore, one might say, could not be within the custom, because if it made the payment, it would be a payment not made under compulsion of law, and which, therefore, would not be good as against its creditor the defendant.

Now, the first thing one naturally inquires is what I mentioned before, viz., whether there is any ground for saying that corporations were in fact treated as garnishees from early times. If so I should infer that there must have been some process against them. No corporation seems ever to have been treated as a garnishee, as far as can be found, until, I think, the year 1796, and then for a considerable period there are entries from which it appears that foreign attachments had been commenced against corporations aggregate as garnishees; but there are no instances of their having been acted upon or obeyed until comparatively recent times. I think the earliest was 1817; it may be as early as that, but most of them were after 1830. Now we know perfectly well that before 1830 the petitioners in the City of London, or I may say the City of London, had been endeavouring to extend the custom of foreign attachment to a degree which went outrageously beyond what was justified. Their efforts so to do were hardly put an end to, finally, until the decision in *Cox v. The Mayor of London* (1). In that case they boldly contended, and the Recorder certified, that it was the custom of the City to sue any person, whether he was in the City or out of the City, for any debt, whether it had accrued within the City or out of the City, and for that purpose to attach any garnishee, whether resident in the City or not resident in the City, if they could catch him within the City, so that the serjeant-at-mace could give him a warning. This House held—and even if it were not the decision of this House I should say no one could read the elaborate opinion given by the late Mr. Justice Willes, which I myself concurred in, as one of the summoned Judges, without being convinced that this was a complete usurpation. What I have now to deal with is only the point that the system of usurpation which was stopped then had begun as early as 1830 or earlier. There are very clear traces of an attempt of the kind having been made in that case which

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(1) Law Rep. 2 H. L. 239.

was referred to, *Wetter v. Rucker* (1), where it appears that a Swiss merchant sued an Italian merchant in the City Court of London and, by what looks extremely like collusion, attached a debt in the hands of a common factor. The decision which was then come to, at least the only decision which is material to the present case, was, that payment under that attachment, under the circumstances in which it was made, was not payment by compulsion, and that no other payment would discharge the garnishee. It is therefore a very important authority for the proposition with which I first started, that to make the custom good, it must be shown that there is some process by which the garnishee could be compelled to pay.

I think, therefore, that corporations are not shown to be garnishees, so as to lead to the inference that there must have been some process against them. Has there been, in fact, shown to have been any process against individuals, that is to say natural persons, who are garnishees which could be applicable to a corporation aggregate? I have already said that I think it is essential to show that there is a customary process to enforce an order, which only rests upon the custom itself, a process according to the custom. Has there been anything of the kind? I need not mention all the cases that were referred to, because, as they went on, they were all distinguished from this. The only case which is applicable, if that is applicable, is the case of *Gascoyne v. Penyke* (2). That was a peculiar case undoubtedly, in which it is difficult to say exactly what the suit was, but the important part of it as regards this case was that after the garnishee had made final default, judgment was given against him. "Whereupon," says the Recorder, "it is considered that £50 of the moneys aforesaid defended in the hands of the aforesaid *John Marian*," *John Marian* was the garnishee—"be levied of the goods and chattels of the said *John Marian* if he have whereof, &c., and be delivered to the same *Torellus* by security, according to the custom of the City aforesaid, &c.; and if the same *John Marian* have nothing whereof the moneys aforesaid can be levied, that then the same *John Marian* be taken and committed to prison until he shall have delivered here in Court the moneys aforesaid," so that in that case no doubt the Court of the City did take upon itself to order a *fi. fa.*, and in the event of no goods being found a *ca. sa.*, in the same breath, and if such a thing as was then done had been done since, and that practice had been followed, so that you could consider whether it was good and reasonable in itself or not, it would be another matter, but to say that such an anomalous and peculiar thing as that should be considered as established, as being part of the custom, because once and once only, rather more

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(1) 1 Brod. & B. 491.

(2) Rolls and Memoranda (A.D. 1374) A. 19, Roll 19.

than 500 years ago, it was done and has never been acted upon since, seems to me impossible. We are to find the matters of fact as to the custom of the City by the terms of the order of reference upon the special case. I do not see how one could find as a fact that it was part of the custom of the City to pursue this very anomalous course, which once, and once only, appears to have been pursued 500 years ago. As I said before, the question seems to me to come round to this: Can a corporation aggregate be allowed to appear and plead *nil habet*? If it be so, then a corporation aggregate can only do so upon the terms of giving special bail that the corporation aggregate shall come in person and attend the Court, and if not, shall be kept in custody in person; the corporation aggregate cannot come in and plead *nil habet*, and the custom, if it applied to such a corporation, would be utterly unreasonable and void. If the corporation aggregate is to make a payment, that payment will not be good as against the debtor unless the payment is made by compulsion of law, and that comes round to be unless there can be shown to be some customary process applicable to a corporation aggregate, by which it could be compelled to pay. I have already stated, my lords, that in my opinion, neither of these things is made out, and consequently I think the judgment should be, as it was given in the Court of Appeal, the judgment of the Common Pleas Division should be affirmed, and this appeal dismissed with costs, without deciding any particular questions as to the special demurrers or causes of demurrer upon the plea, because, as I apprehend, it is taken by arrangement between the parties that the plea demurred to is to be taken as amended so as to raise the question, and that the real question is to be decided upon the facts as found in the special case. Taking that view of the case, I cannot at all doubt that we ought to agree with the judgment proposed by my noble and learned friend upon the woolsack.

LORD WATSON :—

My lords, the details of this somewhat complicated case—I mean complicated as presented to the House at the bar—have been so fully criticised by my noble and learned friend on the woolsack that I shall content myself with stating very shortly the reasons for which I concur in the judgment which his lordship proposed.

The only point, as I take it, that the House intends to decide is that raised by the contention of the appellants to the effect that this custom of the City of *London* with reference to foreign attachment extends to corporations aggregate as garnishees. In considering the merits of that part of the case it is very necessary to keep in view that which has been already referred to by both my noble and learned friends, namely, that it is of the essence of this custom that execution may follow upon the order directed to the garnishee, in

the event of his not obeying that order and failing to hand over the goods of the defendant, or to pay the money of the defendant to the plaintiff. That is necessary, because the Courts of Law have held that, unless he so deliver or pay under compulsion, he is not discharged. The custom would not be a reasonable one unless it went the length of affording protection to the garnishee when he obeys the order of the Court.

Now, my lords, the older certificates and the treatises upon City law, certainly leave the question open whether corporations are "persons," within the meaning of these laws and those certificates. The word "person" may be extended to legal persons created by statute or by charter, as well as to individuals, and the terms of these documents are not upon the face of them conclusive against the custom or the practice contended for by the appellants. But an examination of these and the older evidence which we have in the present case, I think clearly shows, in the absence of proof to the contrary, to which I shall shortly refer, that the custom therein set forth was not applicable to corporations aggregate. It is quite sufficient for that purpose to refer to the two points which have been already noticed; in the first place, if a garnishee desires to deny his liability as to goods or debt, or, in other words, to plead *nil habet*, the only course of procedure open to him for the purpose of vindicating his rights, was a course of proceeding entirely inapplicable to the case of a corporation. In the second place, I do not think it necessary to go farther than the finding of the case, to the effect that if the garnishee did not pay the money or hand over the goods, the old practice was that the serjeant-at-mace arrested him without any writ of *capias* or warrant—it is not necessary to go farther than that in order to show that the process of compulsion under which alone a garnishee could safely pay, was a process of compulsion which was quite inappropriate in the case of a corporation aggregate.

My lords, it might no doubt, notwithstanding the inferences that are derived from these facts, be open to the appellants to show that in point of fact corporations were brought within the custom and that in point of fact execution proceeded against them, appropriate to their personal character as legal persons only. But on referring to the evidence I think it fails, not only in point of time but in point of substance. You have certainly the instances between 1796 and 1817; and, again, a larger practice and more extended custom in recent times, owing to the passing of an Act which enabled corporations to create themselves in the year 1844. But, my lords, the earlier records show a defective practice; there was no compulsion. If payments were made, which is not very satisfactorily shown, by the garnishee, or goods delivered, in those cases it was not under compulsion. A great many of them were withdrawn. And when we come down to more recent times, the

only attempt at compulsion which was made by the Court of the Lord Mayor was by issuing a writ equivalent to a writ of *capias*, a proceeding which, as against a corporation garnishee, could obviously have no compulsory force. It therefore appears to me that the attempt to set up this custom as against a corporation aggregate has entirely failed.

But then it was pressed upon your lordships that this custom might be extended to corporations aggregate, and that, as it was put by Mr. *Webster* in his argument for the appellants, execution appropriate to corporations might be found within the Court. I do not doubt that it may be so, but we are here determining, not what may be done, but what has been done : not how this process could be extended to corporations, but whether a custom has existed which does include corporations aggregate.

My lords, it is not a case, as it was put in argument by the learned Attorney-General, of the creation by law of some new "person" somewhat similar in character to "persons" formerly existing. I offer no opinion as to whether such "persons" would or would not fall within it; but that is not the position of the argument in the present case. Corporations aggregate have existed from a very early period—at least from 1587 downwards. We have in the case before us materials showing that, from that date, individual officers of corporations were made garnishees. Therefore the very same evidence in this case which goes to prove that a custom existed by which individuals were made garnishees, also goes to establish that corporations aggregate in ancient times, and down to a very recent time, enjoyed an immunity from any attempt to bring them within the custom. And, my lords, it appears to me that to give effect to the argument which was pressed upon us on this point of the case, would be simply to repeal that exemption, and for the first time legally to subject corporations to the operation of this custom by introducing a mode of enforcing the custom which has never been practised from the earliest times, and not even down to the present time.

Therefore, my lords, I entirely concur in the views of this case which have already been expressed.

*Order under appeal affirmed ; and appeal dismissed, with costs.*

*Lords' Journals, 1st April, 1881.*

Solicitor for appellants : *Sir T. J. Nelson.*

Solicitors for respondents : *Clarke, Rawlins & Clarke. ]*

## REG. v. HARPER.

*Forgery—Inchoate Negotiable Instrument—Bill of Exchange.*

H. purchased goods upon the terms that he should give to the vendors his acceptance for the price, indorsed by a solvent third party. The vendors sent to him for such acceptance and indorsement a document in the form of a bill of exchange for the price, but without any drawer's name thereon. H. returned this document accepted by himself, and with what purported to be an indorsement by a solvent third party. This indorsement was fictitious and had been forged by H. No drawer's name was ever placed upon the document :—

*Held*, by the Court (Lord Coleridge, C.J., Grove, Hawkins, Lopes, and Stephen, JJ.), that the document was not a bill of exchange, as it bore no drawer's name, and that H. could not be convicted of feloniously forging or feloniously uttering an indorsement on a bill of exchange.

*Semble*, that he might have been convicted of a common law forgery.

THE following case was stated by Stephen, J. :—

John Harper was convicted of forgery before me at Durham assizes under the following circumstances: Messrs. Watson & Son, of Kilmarnock, having supplied Harper with some machinery, drew a bill upon him for the price, and forwarded it to him for acceptance, unsigned by the drawers. It had been arranged that Harper should procure the indorsement of a solvent person, and should himself accept the bill. Harper returned it accepted by himself, and purporting to be indorsed by one Hunt. It was proved that Hunt's indorsement had been forged by Harper. On getting the bill back Watson & Son indorsed it and paid it into the bank for collection when due. They did not at any time sign it as drawers.

The following is a copy of the bill of exchange :—

“ £22. 10s. 4d.

“ Kilmarnock, 2 Nov. 1880.

“ One month after date pay to me or order the sum of £22. 10s. 4d., that being for value received in machinery.

“ Indorsed,

“ Mr. J. Harper,

“ John Hunt,

“ Contractor and Builder,

“ John Watson & Son.

“ Rutland Street, Pallion,

“ Sunderland.”

Across the bill was written “ Accepted payable at the Union Bank of London. John Harper.”

The indictment contained six counts, which charged Harper :—

1. With feloniously forging a certain indorsement to and on a bill of exchange.

2. With feloniously forging an indorsement to and on a certain paper writing, which said paper writing is in the form of, and purports to be, a bill of exchange, unsigned by any drawer thereof.

3. Feloniously forging a certain indorsement to and on a certain paper writing.



In the 4th, 5th, and 6th counts he was charged with feloniously uttering the documents described in the 1st, 2nd, and 3rd counts.

I was of opinion that all the counts were bad, except the 1st and 4th, but I left the whole matter to the jury.

The jury returned a general verdict of guilty, and I sentenced Harper to be imprisoned with hard labour for nine months, but suspended the execution of the sentence till the decision of this case by the Court for Crown Cases Reserved.

The question for the Court is, whether, under the circumstances stated, Harper was properly convicted of either of the offences charged in the 1st or 4th counts of the indictment, and whether any of the other counts charge a felony?

No counsel appeared upon either side.

LORD COLLIERIDGE, C.J.:

The conviction cannot be sustained. The instrument was not a bill of exchange; it was an inchoate bill of exchange. The point requires no authority, though it has the authority of the cases of *McCall v. Tylor* (1); *Stoessiger v. South Eastern Ry. Co.* (2); *Peto v. Reynolds* (3), and *Rex v. Pateman* (4).

STEPHEN, J.:—

Though I entirely agree with the opinion expressed by my lord, I cannot help observing that the act of the prisoner had all the effect of a forgery punishable under the statute as a felony; the prisoner could, however, have been indicted, and ought to have been indicted for forgery at common law.

GROVE, HAWKINS, and LOPES, JJ., concurred.

*Conviction quashed.*

No solicitors were instructed.

## SUFFELL v. THE BANK OF ENGLAND.

### *Bank of England—Action on Note—Erasure of Number—Material Alteration.*

In an action against the Bank of England for non-payment of notes payable to bearer issued by them, it appeared that the notes had been *bona fide* purchased by the plaintiff for value, but that they had been fraudulently obtained by the person from whom he purchased them, and that before they were in the custody of the plaintiff they had been altered, by erasing the numbers upon them and substituting others, with the object of preventing the notes from being traced:—

(1) 34 L. J. (C.P.) 365.

(2) 3 E. & B. 549.

(3) 23 L. J. (Ex.) 98; 9 Ex. 410;

11 Ex. 418.

(4) Russ. & Ry. 455.

*Held*, by Lord Coleridge, C.J., that the alteration was not material in the sense of affecting the plaintiff's right of action on the notes, and that the defendants were liable.

ACTION by the plaintiff as the holder of Bank of England notes, ten of £20 each and six of £50 each, alleging that payment had been demanded of the defendants and refused.

At the trial before Lord Coleridge, C.J., at the Guildhall sittings in April, 1881, it appeared that the plaintiff, a banker and money-changer of Brussels, had *bond fide* and for value purchased the notes in question, but that they had been fraudulently obtained by the person from whom he received them. Payment of the notes had been stopped at the bank, and a notice issued specifying their numbers. It further appeared that when the plaintiff received the notes the numbers of some of them had been erased and other numbers substituted.

The jury having been discharged, the cause was reserved for further consideration, and was argued by

*W. G. Harrison, Q.C., H. D. Jencken, and C. H. Anderson*, for the plaintiff.

*Sir J. Holker, Q.C., A. Cohen, Q.C., and H. D. Greene*, for the defendants.

*Cur. adv. vult.*

July 4. LORD COLERIDGE, C.J. The short question in the case is whether the defendants can refuse to pay on some bank notes, undoubtedly issued by them, and which have come into the hands of the plaintiff as a *bond fide* purchaser of them for value without notice, upon the single ground that one of the figures in the numbers of the notes has been altered, no doubt fraudulently, and for the purpose, if possible, of preventing the notes from being traced. Other notes were procured from Smith, Payne & Co., the bankers in London, by a forged cheque; these notes were changed at the Bank of England for the notes sued upon in this action, which notes were bought by the plaintiff, a banker at Brussels, in the ordinary way of his trade; and on them he sues the Bank of England, who refuse to pay.

The determination of the action depends upon the question whether the notes have been altered in a material particular; and this question is a question of law.

The leading authority on the subject is the well-known case of *Master v. Miller* (1). There an unauthorized alteration in a bill of exchange, whereby the day of payment was accelerated, was held to avoid the instrument, even as against an innocent holder for value. The nature of the alteration, and therefore the original contract, being capable of proof, made no difference in the opinion

of the judges. Mr. Justice Buller dissented, and I think was overruled rather than answered by the majority who decided the case. But so is the law: and there is no doubt that the breadth of the language both of Lord Kenyon and Eyre, C.J., taken literally, would cover this case.

But it has always been held that the alteration which vitiates an instrument must be a material alteration: *i.e.*, must be one which alters or attempts to alter the character of the instrument itself, and which affects or may affect the contract which the instrument contains or is evidence of. It is not every physical alteration which will suffice. *Sanderson v. Symonds* (1) and *Aldous v. Cornwall* (2) are clear authorities to show that an immaterial alteration will not do. My brother Lush in his excellent judgment in *Aldous v. Cornwall* (2) says that the decision in *Sanderson v. Symonds* (1) was confined by the judges to policies of insurance. There are expressions in the judgments of the Lord Chief Justice and of Park, J., which support his view—and the instrument in question was in fact a policy. But the language of the judges I think goes beyond this, and Richardson, J., a very great and most accurate lawyer, does not in any way qualify the generality of his language. *Catton v. Simpson* (3) is to the same effect; and though that case was expressly overruled in *Gardner v. Walsh* (4), it was so, not on the ground that an immaterial alteration avoided the instrument, but that the alteration in *Catton v. Simpson* (3) was material.

In the sense in which the word "material" has been used in all the cases I have been able to refer to, of which *Master v. Miller* (5), *Burchfield v. Moore* (6), and *Gardner v. Walsh* (4), are only examples, the alteration has been held material because it varied or attempted to vary the contract. Here the alteration is nothing of the sort, It is material in a popular sense, because it interposes some difficulty in the way of the Bank of England detecting or helping to detect the original fraud, by making it harder to trace the note, or to stop them at the bank. But this is a wholly collateral matter. An alteration material in this popular and collateral sense has never yet been held to vitiate an instrument in the hands of an innocent holder; and Sir John Holker admitted this in fact, but urged that the generality of the words in *Master v. Miller* (5) was wide enough to take in this case, and that it was wise so to extend them. I do not think so, and I must decline the invitation. It needed a statute to make the crossing of a cheque a material part of it.

It was argued that such an alteration as this would be within the mischief and the words of 24 & 25 Vict., c. 98, ss. 12, 17, sections

(1) 1 B. & B. 426.

(2) Law Rep. 3 Q. B. 573.

(3) 8 A. & E. 136.

(4) 5 E. & B. 83.

(5) 4 T. R. 320; in error, 2 Hen. Bl. 141.

(6) 3 E. & B. 683.

in a criminal statute, dealing with the forgery of bank notes, and with the making of plates from which the whole or any parts of bank notes may be unlawfully printed. It may be so, and as at present advised I think it is. But these sections were passed *diverso intuitu*, and I think have no bearing on the present question. I give judgment for the plaintiff with costs.

*Judgment for the plaintiff.*

Solicitors for plaintiff: *Argles, Rand Bailey & Argles.*

Solicitors for defendants: *Freshfields & Williams.*

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ROXBURGHE v. COX.

[1878 R. 299.]

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*Army Agents—Set-off—Bankers' Lien—Value of Commission.*

K., an officer in the army, mortgaged to R. to secure £5,000, all moneys which should be realized by sale of his commission. In December, 1877, K. obtained leave to retire from the army, and his commission was valued at £3,000, which on the 6th of December, 1877, was paid by the Paymaster-General to C. & Co., the army agents of the regiment, and was carried to the deposit-account kept by C. & Co. with the Army Purchase Commissioners, there to remain till K.'s retirement was gazetted. K. kept an account current with C. & Co. as his bankers, which was overdrawn to the amount of £647. K.'s retirement was gazetted on the evening of the 18th of December, and as soon as C. & Co.'s office opened on the 19th, R. gave them notice of his security. R. having claimed payment of the £3,000, C. & Co. claimed to retain out of it the £647:—

Held, by BACON, V.C., that C. & Co. received the £3,000 as K.'s bankers, and had a banker's lien upon it for the balance due to them, and were therefore entitled to retain the £647.

Held, on appeal, that as soon as K.'s retirement was gazetted the £3,000 became money had and received by C. & Co. for his use, and for which he could have brought an action at law; that they had a right to set-off the balance due to them against this demand; that this set-off was equally available against R., of whose security C. & Co. had no notice until after their right to set-off had arisen; and that, therefore, independently of any question of bankers' lien, C. & Co. were entitled to retain the £647.

By deed dated the 13th of March, 1868, Lord Charles Ker, then an officer in the Scots Fusileer Guards, covenanted with the plaintiff for the repayment, with interest, of a sum of £5,000 advanced by the plaintiff for his benefit, and also covenanted that all moneys which should be realized by the sale of his commission, or in respect of any exchange being made by him from his regiment, should (after and subject to the payment of the costs and expenses of and incidental to such sale or otherwise obtaining possession of such moneys and of all regimental charges or liabilities which might be properly payable to the War Office out of such moneys) be applied in or towards payment to the plaintiff, his executors, adminis-

trators, or assigns, of the £5,000 and interest, and that in the meantime the said moneys to be realised as aforesaid should (subject as aforesaid) stand charged with and be a security to the plaintiff, his executors, administrators, or assigns, for such payment.

Shortly before December, 1877, Lord Charles Ker applied for leave to retire from the army in pursuance of "The Regulation of the Forces Act, 1871," which permission was granted.

The defendants were the duly appointed army agents of the Scots Fusileer Guards. Lord Charles Ker while he held his commission kept a current account with them as his bankers.

The value of the commission was settled at £3,000, and on the 6th of December, 1877, this sum was paid by the Paymaster-General to the defendants, who, pursuant to the general directions of the Army Purchase Commissioners, carried it to the deposit-account kept by themselves with the Commissioners, to remain there until the retirement of Lord Charles Ker was gazetted.

On the 10th of December, 1877, the defendants wrote to Lord Charles Ker, "Having been authorised by the Army Purchase Commissioners to pay to you on your name appearing in the *London Gazette* the sum of £3,000 on account of the value of your commission, we beg to hand you a receipt for the amount, which be pleased to stamp, sign, and return to us at your earliest convenience, in order that as soon as you are gazetted no time may be lost in placing the amount to your credit or otherwise disposing of the same as you may direct, less any regimental claims which may be preferred against you."

On the 18th of December the retirement of Lord Charles Ker was gazetted. There were no regimental claims against him. The plaintiff's solicitors posted to the defendants a notice of the plaintiff's charge, which was received by the defendants on the morning of the 19th. They also served at the office of the defendants a similar notice on the morning of the 19th, a few minutes before the regular time for opening the office. Other notices of charges were received by the defendants on the same day.

At the time when Lord Charles Ker was gazetted out he owed to the defendants £647 on his account current with them, and the defendants claimed to retain that sum out of the £3,000.

The receipt mentioned in the letter of the defendants was returned to the defendants on the 31st of January, 1878, duly signed by Lord Charles Ker and accompanied by a copy of the notice of the plaintiff's claim.

The plaintiff, in April, 1878, commenced his action, claiming that his charge of the 13th of March, 1868, might be declared a first charge on the £3,000; that the defendants might be ordered to pay the £3,000 to the plaintiff, with interest at 5 per cent. from the time of their receiving it till the payment to the plaintiff; and further relief.

The claims of other incumbrancers were subsequently withdrawn, and the only question remaining for decision was whether the defendants were entitled to retain the £647 out of the £3000.

The action was tried before Vice-Chancellor BACON on the 27th of May, 1880.

*Hemming, Q.C., and B. B. Rogers, for the plaintiff :—*

Our view of the Queen's Regulations of 1873 (par. 20, sect. 4) is, that where the commanding-officer certifies (as here) that there are no regimental claims, the money goes straight to the officer or his assigns.

It is an accidental circumstance that Cox & Co., besides being the army agents of Lord Charles Ker, were also his private bankers. That does not give them a right to claim a banker's lien upon the commission-moneys. A banker has no lien against a customer on anything except that which comes to him in his capacity of that customer's banker. They could not assert a banker's lien unless they had carried, or at any rate had a right to carry, the money to Lord Charles Ker's banking account without his consent. But they never did so carry it, and had no right to do so, as the terms of their own letter clearly admit. To carry the commission-money to the banking account of Lord Charles Ker without direction would be a breach of trust in their capacity as army agents holding the fund.

We are entitled to the commission-money without any deduction.

*Sir H. Jackson, Q.C., Chitty, Q.C., and A. T. Watson, for the defendants, were not called upon.*

BACON, V.C. : —

In my opinion there is nothing for the defendants to answer in this case. There seems to be a notion that, because this money is issued by public authority in respect of Lord Charles Ker's commission, it differs from any other money that belongs to him. It is said that the regimental agent is a sort of trustee. Trustee for whom? For the man to whom the money belongs. The regimental agent happens to be also his banker, and unless some new law is to be introduced which deprives bankers of the lien they have always hitherto possessed and enjoyed, there is no reason in the world why Messrs. Cox should part with money, over which they have a lien to Lord Charles Ker, or to any person to whom he may assign it. The reference to the Regulations is perfectly intelligible. The Government in paying this sum of money to an officer when he retires takes care that there shall be no regimental claims unsatisfied. That is the only restriction. The old Regulations and the new Regulations are just the same, and have the same object. It is an unquestionable fact upon the pleadings and evidence before me, and especially upon the admission that Messrs. Cox were the bankers of Lord Charles Ker, and that in their bank

account, as I read the admission, he was indebted to them in the sum of £647. Why are they not to have a lien because they sustain two characters? As regimental agents they are trustees of the money of Lord Charles Ker, and being his bankers they hold it subject to all rights which bankers possess. The letter which has been referred to is a formal letter, which would be sent under all circumstances, and the object is to procure from Lord Charles Ker a receipt which may be handed by Messrs. Cox to the office or authority from which they received the £3,000. [His lordship read the letter and continued:—] In other words, they say, "Send us a receipt that we may send it to the proper office, thereupon we will place the money to your proper credit, and we, your bankers, will deal with it according to law." In my opinion, there is no ground whatever on which the claim of Messrs. Cox to retain the £647 can be disputed.

The plaintiff appealed. The appeal came on to be heard on the 10th of May, 1881.

*Hemming, Q.C., and B. B. Rogers*, for the appellant:—

A banker has no lien upon money of his customer which comes into his hands unless it comes to him in his capacity of that customer's banker. This money came to Cox & Co. as agents of the Government to pay to the retiring officer. As such agents they were not Lord Charles' bankers. It is an accident, though one of frequent but not invariable occurrence, that the officer banks with the same person who acts as army-agent. The general lien of bankers and brokers who enjoy that privilege is strictly limited to money or property which comes to them in the course of their employment as bankers or brokers. There are many authorities to this effect, but the law so far is too clear to need authorities.

Here Cox & Co. were only the hand of the Government to transmit this money to Lord Charles Ker. The Government employs Cox & Co. to pay moneys to certain officers irrespective of any question whether the officers keep an account with Cox & Co. The case is analogous to that of a clerk told by his employer to take money to A.B., and get a receipt from him. Surely it cannot be contended that the clerk can set off a debt due to him in his own right from A.B. So, again, if I give a cheque on my bankers to X.Y., who asks for payment over the counter, can it be said that the bank could refuse payment and retain the cheque against money owing to them by X.Y. if he happened to have an overdrawn account at the same bank? The Vice-Chancellor puts the case exclusively on the ground of banker's lien.

[JAMES, L.J.:—We need not consider that unless you can get over the question of set-off.]

We say there is no set-off. Till the commission-money is handed to the agent the officer's claim is only against the Government. After the money has been received and the retirement

gazetted, the agents become trustees for the officer, and cannot set-off a claim in their own right. *In re Hasselfoot's Estate* (1) is against our contention, but it is overruled by *Talbot v. Frere* (2), where it was held that a mortgagee who had surplus proceeds of sale in his hands could not set-off against them a debt which the mortgagor owed him. The doctrines laid down in the judgment in that case completely sustain our contention.

[JAMES, L.J. :—That was a case of trustee and *cestui que trust*. Nobody could sue at Common Law for the surplus proceeds of sale of the mortgaged estate. The present is a case of a Common Law demand for money had and received.]

Any trustee who has a clear sum of money in his hands payable to a *cestui que trust* might be sued at law under the equitable count of money had and received.

We submit that there is no distinction in principle, and that the money here was trust-money in the hands of Cox & Co. as much as the money in *Talbot v. Frere*. There was no private debt by Cox & Co. to Lord Charles Ker, and the two rights being in different capacities there is no set-off even against Lord Charles if he had been plaintiff: *Lamharde v. Older* (3). Still less can there be against the duke, who claims under an assignment long prior to Cox & Co.'s claim,

*Chitty, Q.C., Davey, Q.C., and A. T. Watson, contra*, were not called upon.

JAMES, L.J. :—

I really have no doubt in this case, which, in the view I take of the facts, seems to me to be a very simple one, and to involve no questions as to trustees and *cestui que trust*, and any peculiar rights arising from that relation.

The Government paid to Messrs. Cox & Co. a certain sum of money to the use of Lord Charles Ker. He has assented to that payment being made to them for his use. After that Lord Charles Ker had a claim against them which made them liable, not merely to a suit in equity, but to an action-at-law by Lord Charles Ker for the money as being money paid to his use. It appears to me that beyond all doubt they could have pleaded a set-off in that action for the money that was due to them from him. Both rights were Common Law rights. There was a simple contract-debt due from A. to B., and at the same moment a simple contract-debt due from B. to A. There was a claim by Lord Charles Ker for money had and received to his use, and a claim by Cox & Co. for money due, so that if the action had been brought by Lord Charles Ker himself the right of set-off would have been clear. It is not

(1) Law Rep. 13 Eq. 327.

(2) 9 Ch. D. 568.

(3) 17 Beav. 542.



brought by him, but it is brought by a person who, claims as assignee of the chose in action belonging to him. Now an assignee of a chose in action, according to my view of the law, takes subject to all rights of set-off and other defences which were available against the assignor, subject only to this exception, that after notice of an assignment of a chose in action the debtor cannot by payment or otherwise do anything to take away or diminish the rights of the assignee as they stood at the time of the notice. That is the sole exception. Therefore the question is, Was this right of set-off existing at the time when the notice was given by the Duke of Roxburghe? Under the old law the proper course for the duke to take would have been, not to come into a Court of Equity, but to use the name of Lord Charles Ker at law; the proper course for an assignee of a chose in action, unless there were some equitable circumstances to justify him in coming to a Court of Equity, having been to sue at law in the name of the assignor. In that case set-off could have been pleaded as against the assignor, and in the present mode of procedure that defence is equally available.

The Vice-Chancellor decided the case on the ground that Messrs. Cox & Co. had a banker's lien. We have not heard out the appellant's argument on that point, and I therefore give no opinion upon it, and do not express any dissent from the conclusion to which the Vice-Chancellor came, but my conclusion is arrived at independently of that question, and on the ground that there is a clear right of set-off.

BAGGALLAY, L.J. :—

I am of the same opinion. Some time before the 6th of December, 1877 Lord Charles Ker obtained permission to retire from the army. Under the provisions of the Act of 1871 the value of his commission was estimated at £3,000, which sum was in the ordinary course paid by the Paymaster-General on the 6th of December to Messrs. Cox & Co., who were the properly constituted agents of the regiment in which Lord Charles Ker held his commission. According to the usual practice and the rules of the service which govern the army-agents in these matters, that sum of £3,000 was carried by Messrs. Cox & Co., not to any account between themselves and Lord Charles Ker, but to a deposit-account between themselves and the Commissioners, there to remain until the retirement of the officer was notified in the *Gazette*. The *Gazette* notice of his retirement appeared on the evening of the 18th of December, and in accordance with the rules to which I have referred that sum of money then standing to the account of the Army Purchase Commissioners became payable to Lord Charles Ker himself. If at that time Lord Charles Ker had demanded that sum of £3,000, Messrs. Cox & Co. would have been entitled to

set-off any sum of money in which he was indebted to them, subject of course to their not having received notice of a valid charge created on that fund previously to the time when the right of set-off arose. It is admitted here that there was no notice whatever given to Messrs. Cox & Co. of the present claim of the Duke of Roxburghe until the morning of the 19th of December, and, in point of fact, any notice given by him before the money came into the possession of Messrs. Cox & Co. would have been ineffectual, as was decided in the case of *Somerset v. Cox* (1), which has been repeatedly recognised and followed. There was therefore no notice given by the Duke of Roxburghe to Messrs. Cox & Co. before the morning of the 19th which could have created a valid charge on the money in the hands of Messrs. Cox & Co., and this was after the right of set-off had arisen. I think that the conclusion at which the Vice-Chancellor arrived was correct, and though we decide the case on another ground, I do not express any dissent from the view expressed by him of the rights of Messrs. Cox & Co. in respect of a lien as bankers.

LUSH, L.J. ;—

This case appears to me to be free from any reasonable doubt. As soon as the retirement of Lord Charles Ker was gazetted, there being, as it appears, no regimental claims, the £3,000 became Lord Charles Ker's money in the hands of Messrs. Cox & Co., and he might undoubtedly have brought an action at Common Law immediately for that £3,000 as for money had and received for his use. At that very time Lord Charles Ker owed Messrs. Cox & Co. a sum of £647, and they might undoubtedly have pleaded a set-off of that amount in that action. That is exactly the case before us; there is a Common Law claim on the one hand for £3,000, which Messrs. Cox held to and for the use of Lord Charles Ker, and a claim on the other hand to set off against that payment a debt of £647 which Lord Charles Ker owed to them. The £3,000 became money in their hands the property of Lord Charles Ker, and their right of set-off arose before the notice was given by the Duke of Roxburghe of his assignment.

Solicitors for plaintiff : *W. & A. Ranken Ford.*

Solicitors for defendants : *Fladgate, Smith & Fladgate,*

## NOTES ON RECENT ADDITIONS TO THE LIBRARY.

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*A Digest of the Law of Bills of Exchange, Promissory Notes, and Cheques. Second Edition.* By M. D. CHALMERS, M.A., of the Inner Temple, Barrister-at-Law.\*

Mr. Chalmers has, in this edition, added the cases which have been decided since the publication of the first edition of this valuable digest. A chapter has also been added on Securities for Bills of Exchange, which deals, among other matters, with the much-disputed doctrine enunciated in the case *Ex parte Waring*. It will also be noticed that additions have been made to the Appendix of Statutes, and the provisions of the Crossed Cheques Act, 1876, have been inserted in the body of the work, instead of being paraphrased and shortened, as was the case in the first edition.

Many of the articles have been re-drafted, and it will be seen that several of these are taken from clauses in the Bills of Exchange Bill, 1881, which was drafted by Mr. Chalmers under instruction from the Institute of Bankers and the Associated Chambers of Commerce. A reference to this Bill will be found in pages 479-81 of this number of the *Journal*.

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*Auditors: Their Duties and Responsibilities under the Joint Stock Companies Acts and the Friendly Societies and Industrial and Provident Societies Acts. Second Edition.* By FRANCIS W. PIXLEY.†

The Author affirms that, although for many years it has been the custom for the accounts of Joint Stock Companies to be examined and certified by auditors before they are presented to the shareholders for their approval and adoption, there has not hitherto appeared any work embracing the principles, practice, and general information relative to their duties. The first chapter is devoted to a general history of the Statutory Law relating to Joint Stock Companies, and subsequent chapters deal with the mode of appointment of auditors, the nature and principles of an audit, the principles of book-keeping in use by Joint Stock Companies, the forms of accounts published by companies, and other information which it is very desirable that auditors should possess. Appendices containing numerous prescribed forms of balance-sheets, with an index, conclude the volume.

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\* London, 1881: Stevens and Sons, 119, Chancery Lane.

† London, 1881: Effingham Wilson, Royal Exchange.

## REFERENCE LIBRARY.

*Additions to the Library since the publication of catalogue in the June Number of the Journal:—*

DONATIONS.	By Whom Presented.
ASSOCIATION FOR THE REFORM AND CODIFICATION OF THE LAW OF NATIONS. REPORT OF THE EIGHTH ANNUAL CONFERENCE, HELD AT BERNE, AUGUST, 1880. London, 1881 .....	The Association.
AUSTRALASIAN INSURANCE AND BANKING RECORD. Volumes I. to IV. Years 1877-80. Melbourne ..	The Editor.
HAMILTON (EDWARD B., M.A.). A MANUAL OF THE LAW AND PRACTICE OF BANKING IN AUSTRALIA AND NEW ZEALAND. Melbourne, 1880. Two copies ..	William Neill, Esq., Sydney, N.S.W.
HUTCHISON (JOHN). THE PRACTICE OF BANKING, EMBRACING THE CASES AT LAW AND IN EQUITY BEARING UPON ALL BRANCHES OF THE SUBJECT. London, 1880.	The Author.
MONETARY CONFERENCE (THE INTERNATIONAL). Paris, 1878. PROCEEDINGS AND EXHIBITS, FOLLOWED BY THE REPORT OF THE AMERICAN COMMISSION, AND AN APPENDIX CONTAINING CORRESPONDENCE SUBMITTED TO THE DEPARTMENT OF STATE BY MR. FENTON, AND HISTORICAL MATERIAL FOR THE STUDY OF MONETARY POLICY, CONTRIBUTED BY MR. HORTON. Washington, 1879 .....	The Secretary of the Department of State, Washington, U.S.A.
PAGAN (WILLIAM, F.S.A.). THE BIRTHPLACE AND PARENTAGE OF WILLIAM PATERSON, FOUNDER OF THE BANK OF ENGLAND, AND PROJECTOR OF THE DARIEN SCHEME, WITH SUGGESTIONS ON THE IMPROVEMENT OF THE SCOTTISH REGISTERS. Edinburgh, 1865 .....	William Blades, Esq.
PIXLEY (FRANCIS W.). AUDITORS: THEIR DUTIES AND RESPONSIBILITIES UNDER THE JOINT STOCK COMPANIES ACTS AND THE FRIENDLY SOCIETIES AND INDUSTRIAL AND PROVIDENT SOCIETIES ACTS. Second Edition. London, 1881 .....	The Author.
UNITED STATES. REPORT OF THE SECRETARY OF THE TREASURY ON THE STATE OF THE FINANCES FOR THE YEAR 1876. Washington, 1876 .....	S. O. Gray, Esq.
UNITED STATES INTERNATIONAL EXHIBITION, 1876. REPORTS AND AWARDS. Nine volumes. Washington, 1880 .....	The Secretary of the Department of State, Washington, U.S.A.

### PURCHASED.

CHALMERS (M.D.). A DIGEST OF THE LAW OF BILLS OF EXCHANGE, PROMISSORY NOTES AND CHEQUES, Second Edition. London, 1881.



# JOURNAL OF THE INSTITUTE OF BANKERS.

NOVEMBER, 1881.

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Sir JOHN LUBBOCK, Bart., M.P., President, in the Chair.

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AN OUTLINE OF BANKRUPTCY LEGISLATION IN ENGLAND DURING THE PRESENT CENTURY, TOGETHER WITH THAT OF SOME OF THE PRINCIPAL COMMERCIAL COUNTRIES OF THE WORLD; WITH A COMPARISON OF THE OBJECTS SOUGHT FOR AND THE RESULTS OBTAINED.

*Being the PRIZE ESSAY for the past Session, by Mr. WILLIAM ANDERSON STEEL, a MEMBER of the INSTITUTE.*

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## PART I.

### ENGLISH BANKRUPTCY LEGISLATION.

THE attention of this Institute has already been much engaged with bankruptcy law; able papers have been submitted to it, and the deliberations of the Council have issued in recommendations laid before Her Majesty's Government. Those proposals were directed to a most practical end, namely, the amendment of confessed defects in the law as it exists. They concerned what the law of the matter ought to be, and in what points alteration was demanded, if the proper aims of bankruptcy legislation were to be secured. The scope of the present sketch is likewise practical, for, although defined by its title as a review of past legislative efforts in the question, any conclusions which are legitimately drawn from former failures must afford both warning and guidance for the future; more especially if a comparison of our own legislation with that of countries abroad shows us that where we have failed others have succeeded.

When a debtor is unable to pay the full amount of his debts and thus satisfy the claims of his creditors, the law provides

methods by which the difficulties created by the debtor's inability are to be dealt with. These methods are determined by what is called generally bankruptcy law, though the word "bankruptcy" is sometimes restricted in its application to some particular mode of effecting the arrangement. The bearing of a good bankruptcy system upon the general prosperity is most important, and its value is of course greatest in a mercantile community, and increases with the development of commerce. Nowhere, therefore, and at no period could the necessity for it have been more unquestioned than in our own country at the present time. The repeated efforts which the legislature has made to establish such a system prove at once its necessity and its difficulty. Many times, even since the beginning of this century, the question has been approached with a view to satisfactory settlement, both by independent members of Parliament and by successive administrations. We have had Royal Commissions, Parliamentary Committees, and measures almost without number. One of the chief causes of failure has undoubtedly been that the various measures dealing with bankruptcy have been drafted by practitioners in the Bankruptcy Court, and carried through Parliament by eminent lawyers wholly unacquainted with the details of the subject, and, of course, devoid of that intimate knowledge of mercantile business which only experience could give. Such men might lay down sound principles, and yet fail to provide properly for the detailed practical application of them; and it is here that the main defects of the law are to be looked for. It would be impossible without going over the whole subject to state exhaustively the other reasons why it has been found so hard to arrive at a complete solution of the difficulty, but one main cause undoubtedly is that the law has to contemplate various and conflicting interests, and must endeavour to conserve them all. In every case of insolvency there are three parties whom the law must consider: 1, the creditor; 2, the debtor; and 3, the general public. Each of the three has an interest in a just arrangement, and the law fails in its object if it unduly favours or neglects any one of them. The creditor's rights are obvious, and can be stated in a word. He has entered into a contract with his debtor which has not been fulfilled; what the law must do for him is to see that as far as may be possible the contract shall be enforced. His interest demands that the realisation and division of a debtor's estate shall be *secure, economical, and speedy*. The debtor's rights are secured if he, on proving that he has been neither reckless, extravagant, nor fraudulent, but merely unfortunate, is protected from vindictive proceedings whilst his estate is being realised and after that realisation is accomplished. But, behind and apart from these, the immediate parties in an insolvency, is the *community*, which bears the ultimate loss. The public have a very substantial stake in the settlement, and their interest is not pro-

tected when fraud is not discovered and punished, fraud in this case being understood as including wanton recklessness or scandalously extravagant expenditure, as well as dishonesty, on the part of the insolvent, and when the administration of bankrupt estates is permitted to be wasteful. Such may be said to be the principles generally accepted and kept in view by every reformer of the bankruptcy system, but failure has, in England, followed all attempts made to combine them in practice. The results which ought to be desired—a diminution in the number of insolvencies, and an improvement in the character of those which take place—we have hitherto looked for in vain.

It will be impossible clearly to understand the motive and effect of the various alterations of our bankrupt law since 1800 if we do not keep in mind the spirit of the legislation that was in force before that period. A few words of historical review are necessary, because to follow intelligently the course which legislation has run we must look at the starting point. The earliest English statutes upon bankruptcy are drawn, in the spirit of them at least, from more ancient codes, and repeat the severity of the Roman law without the modifications by which that law was gradually mitigated. The rule of early Rome had permitted to the legal creditors "the savage remedy of dividing the carcass of their debtor, or selling him and his family into slavery;" and it was in a like spirit, though not with the same barbarity, that the statute of Henry VIII., with which our bankruptcy legislation commences, described bankrupts as those "who obtain other men's goods and then suddenly flee to parts unknown, or keep their houses and there consume their substance without paying their debts," and enacted that "the bodies of the offenders and their lands, goods and chattels, shall be ordered (by the wisdom and discretion of the Lord Chancellor, &c.) for payment of all the creditors rateably according to the quantity of their debts." The debtor was in this statute and in that by which it was shortly afterwards developed (the 13th Eliz., c. 7) regarded simply as a criminal who, by his misdeeds, had forfeited all title to consideration at the hands of the law. The creditor was the only party whose interests were to be consulted, and even the complete realisation of the estate and its equitable division were made secondary objects compared with the infliction of punishment on the debtor. The penalties that might be incurred by the debtor included that of death; and whilst he was to be stripped of all his property, no provision was made for affording him even temporary freedom and protection after his surrender of everything. Gradually it came to be thought such enactments were harsh and out of harmony with the necessities of a commercial community, and aspects of insolvency came into view other than that of crime, in which the legislature had hitherto exclusively regarded it. Yet no modification of importance was made for considerably more than



a century after Elizabeth's Act, when the statute 4th Anne, c. 17, introduced an innovation of the utmost moment. This was the principle of the debtor's *discharge* by *certificate*, which not only remains an important portion of the law to-day, but is a point on which, as to its form and conditions, much of the controversy on bankrupt law still turns. The provision of the statute of Anne was "that a bankrupt trader who had been compelled to surrender the whole of his effects, and had in all matters conformed to the law of bankruptcy, should be entitled to his discharge from all further liability for the debts theretofore contracted." \* It would be difficult to overrate the importance of this alteration, for it signified that bankruptcy was taken out of the category of mere crime; and there can be little doubt that it brought about a modification likely to be permanent. By the same statute of Anne, the practice was first introduced of entrusting the management of the debtor's estate to assignees.

Concerning the reforms of the law during the century succeeding Anne, we find a great authority (Lord Henley) writing as follows in the preface to his "*Digest of the Bankrupt Law*":—†

"The leading statute of later times was the 5th Geo. II. It was, however, little more than a transcript, with some improvement, of two Acts of Anne which, being only temporary, had been continued by various enactments through the reign of Geo. I.; so that, though nominally bearing the more recent date of the reign of Geo. II., yet, in fact, the bankrupt law had been administered with little alteration or improvement from 1705 till Sir Samuel Romilly undertook to effect some amendments in it in the year 1806."

#### *The Acts of 1806 and 1809.*

The condition of the bankrupt law at the beginning of the period we have under review was regarded with the greatest dissatisfaction by all who were affected by it, and not least by those who had to administer it; the system was felt to be cumbrous and inconvenient, as was not unnatural, considering the heterogeneous mass of materials which had gradually accumulated through two centuries. Sufficient care had not been taken to adapt the new provisions to the old; with the result, too often exemplified in English law, of an inharmonious and incongruous body of legislation that could with difficulty be understood. There is abundant evidence to show what were felt to be the main faults of the system as it then stood. In the year 1810 a pamphlet, in the form of a letter to Sir S. Romilly, was published in London by a provincial barrister, afterwards Sir William Evans, Governor of Madras, in which the defects of the bankrupt law and the remedies required

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\* Stephen's Commentaries (7th Edition), Vol. II., p 145.

† London, 1832.

were most ably stated. It is not a little singular that, although many of the reforms advocated in it have since been carried out, some of the chief complaints Mr. Evans expressed are precisely those which have frequently been since, and are still, brought against our bankruptcy system. The following remarks on the liberation of the bankrupt might, for their applicability to the present state of things, have been written yesterday :—

“Facility in granting certificates is a much more prevalent circumstance than austerity in refusing them, and this, without any reference to any high-flown principles of benevolence, upon the more ordinary consideration that the party on the one hand is assailed by constant importunity, while on the other he sees no immediate prospect of individual benefit, and feels no particular interest in those public motives which would induce greater caution in avoiding a state of bankruptcy if a more rigid inquiry were to precede the act of liberation.

“The cant expression—it is hard that a man *who has given up his all* shall be subject to any further pursuit—is, on the first statement, extremely plausible, but it is not immaterial to inquire by what means that *all* came to be so insignificant : whether by real misfortune, which no prudence or industry can prevent ; by a certain degree of remissness and indolence which, though in some degree deserving reproof, may be exempted from any great severity of censure ; by a wanton course of dissipation and extravagance ; by bold and adventurous speculations, as uncertain as the chance of the hazard-table, where the gain is on the side of the player, but the chance of loss is at the risk of those whose property is improperly ventured as the stake ; or whether it is accompanied by the still more reprehensible practice of opposing the delays and chicaneries of the law to the fair demands of creditors, wasting the funds which in justice are applicable to their relief, on the one hand, and loading them with the great additional loss arising from the expense of litigation on the other ; or, lastly, whether it has been wasted by obtaining a fraudulent credit when standing on the verge of bankruptcy, for the purpose of a momentary respite or to transfer the impending loss from a favourite to a stranger.”

It does not detract from the value of this eloquent statement that the remedy Mr. Evans proposed appears to be totally inadequate to the disease ; it still remains a forcible and convincing exposure of evils which then afflicted the mercantile community, and have continued to afflict it till to-day. Mr. Evans, in his pamphlet, declares himself in favour of the complete option of creditors in the matter of the debtor's discharge. “Anything,” he says, “which would defeat their free option in the exercise of their power of assent or dissent would be injurious in its general consequences ;” although his belief is that “the number of oppressive

creditors bears a very insignificant proportion to that of fraudulent debtors." It seems somewhat inconsistent with his conviction of the frequent frauds debtors commit, and the general laxity of creditors, that he makes no stipulation for a review of the conduct of the debtor by the court. The following are amongst the criticisms and suggestions of this writer; his conclusions, though we may dissent from many of them, are instructive as to the condition of our bankruptcy system at the beginning of the century :—

(a.) He strongly condemns the severity of the law as touching all concurrence of debtor and creditor in obtaining a commission of bankruptcy, and advocates granting the benefits of the bankrupt law to the debtor on his "voluntary cession" equally with a debtor in the case of a commission sued out by a creditor.

(b.) He points out the necessity for amending and enlarging the description of persons to whom the bankrupt law is made applicable.

(c.) He shows that much of the legislation as to *acts of bankruptcy* is out of date, and recommends extensive alterations in the law relating to *assignments*, with a view of removing the stigma of fraud or illegality, especially from that form of assignment which conveys the whole of a debtor's property for the equal benefit of his creditors. Recommending that this should be permitted, he quotes two queries from "*Montague's Digest*" :—

(1.) "Is it just that an insolvent trader should give up the wreck of his property to his creditors, and, if it be just, can such distribution be a crime? (2.) Can the distribution of the wreck of insolvent traders' property in the same proportions, with more expedition and at less expense than it would be distributed under a commission of bankruptcy, be a fraud on the bankrupt laws or be fraudulent, with intent to defraud creditors, merely because the persons who make the distribution are different?"

Mr. Evans concludes that considerable benefit might be derived from giving an express sanction to such arrangements, if only precautions were taken to give *sufficient publicity* to the creditors' meetings, which would have the making of them.

(d.) Mr. Evans considers the authority of the Lord Chancellor—then, as he describes it, "undefined, exclusive, and without appeal"—requires to be defined with precision, and that the creation of a new tribunal expressly appropriated to bankruptcy jurisdiction is imperatively demanded.

(e.) He states, as a matter coming under his own observation, that there is great difficulty in many cases in finding a creditor to accept the office of assignee, and recommends the employment of a respectable accountant, whose business and occupation it might be to attend to the subject, and whose interest would be promoted by obtaining a reputation for activity and dispatch.

So much for the efforts of an unofficial reformer of our bankruptcy system. We may now turn to the amendments introduced by Sir Samuel Romilly, who viewed the matter not from the outside, but from the standpoint of an experienced administrator of bankruptcy law. His improvements will be found embodied in the Acts of 1806 and 1809. The preamble of the former—a very brief and simple statute—states that it is intended to “provide against fair and honest dealings and transactions being defeated by secret acts of bankruptcy,” and the Act establishes that all conveyances by payments to and contracts with any bankrupt, *bond fide* made before the date of the commission, shall be valid. One or two provisions applying the same principle to other transactions complete the measure.

The Act of 1809 also deals with only a very limited portion of the subject. It carries somewhat further the same principle of equity with regard to the doctrine of relation to the act of bankruptcy, and has in addition the following amongst other provisions:—

(a.) If creditors omit to direct where and with whom the moneys arising from the bankrupt's estate shall be paid in and remain till a dividend is paid, the commissioner shall make the necessary direction. Assignees who retain money or employ it contrary to the commissioner's direction are to pay 20 per cent. interest on its amount. In certain cases, the funds of bankrupt estates are to be invested in Exchequer bills.

(b.) Sureties, after paying their debt, are to be allowed to prove against the estate with the other creditors; debts also which are payable at a future time are made provable, with a deduction of the rebate of interest.

(c.) Proving a debt under a bankruptcy commission is made an election not to proceed against the bankrupt by action.

(d.) If creditors refuse a certificate to the debtor, he may after a certain period has elapsed petition the Lord Chancellor, who may withhold or grant it at his discretion.

(e.) In the case of assignees who become bankrupt having in their hands £100 of their bankrupt's effects, their certificates are not to discharge their future property.

It will be observed that the tendency of the alterations made by these Acts is to extend the protection granted to the debtor, the two provisions (c and d) limiting the right of action of the creditors being specially important. The Acts of 1806 and 1809 left untouched greater evils than they remedied, and there still remained, as perhaps the worst of all, the confusion of having to gather the law from many separate statutes. The widespread dissatisfaction of commercial men induced the House of Commons in 1817 to appoint a Committee, which succeeded in collecting a great body of valuable evidence upon the subject.

*The Parliamentary Committee, 1817-1818.*

The report presented by the Committee in 1818 is an able and elaborate statement, dealing with the defects both in the law itself and in its administration. Those from whom it collected evidence were men qualified by experience to speak of the actual working of the law, and to make recommendations for its amendment.

The Committee sum up under nine heads the faults of the system, of which the following six are of most consequence :—

1. The want of care to secure the bankrupt's property, with his books and papers, immediately after his bankruptcy.

2. The imperfect provision made for investigating debts, and, if necessary, expunging them after their admission.

3. The insufficient means of inquiring into the bankrupt's conduct, and of compelling him to afford his assistance to the assignees from the earliest to the latest stage of the bankruptcy.

4. The ease with which undeserving and even dishonest bankrupts obtain their certificates.

5. The penalty of capital punishment for fraudulent bankruptcy, too violent, and utterly *inoperative, because never enforced*.

6. The difficulty in securing an early and full division of the bankrupt's property.

The Committee also direct attention to the extensive corruption in connection with bankruptcy commissions, and particularly in the country, such as existed in one case quoted, where "one partner was the petitioning creditor, another partner the acting commissioner, another partner the solicitor to the commission, and the remaining partner the sole assignee."

In the briefest possible form, the following are the Committee's proposals of remedy :—

(a.) Insolvent traders to be permitted to declare themselves so; their declaration, when filed and advertised, to be an act of bankruptcy.

(b.) The appointment of a provisional assignee.

(c.) The appointment of an "agent" under the assignees to realise the estate; giving security and receiving percentage on net amount collected. The agent must not be a creditor, and must never have been himself bankrupt.

(d.) The commissioners, or any creditor, to have power to examine the bankrupt as to his conduct and the state of his affairs, at any public meeting to be held for that or any other purpose under the commission; and the commissioners to have power to commit the bankrupt to Newgate in case they are not satisfied with his disclosures.

(e.) The commissioners in every case to inquire into the conduct of the bankrupt in the mode of contracting his debts, or in the disposition of his property, *whether before or after the issuing of the*

*commission*, with a view to the ultimate decision of the commissioners, whether they shall sign the bankrupt's certificate or not; the result of their inquiry, with their opinion thereon, to be filed:

(*f.*) Where no gross misconduct or fraud has been proved, a *protection* to be granted to *exempt the person from arrest*; but no certificate for *property and person* of the bankrupt to be granted unless with the concurrence of four-fifths of the creditors in number and value; the commissioners having the right to refuse to certify, and no certificate being signed unless a dividend has been paid.

(*g.*) If certificate be refused by creditors, the commissioners to be empowered, after twelve months have elapsed, to reconsider the matter, and if no sufficient cause to the contrary be shown, to grant the debtor a certificate.

(*h.*) Repeal of the capital penalty.

Before passing from the report we quote some instructive sentences from the evidence of two of the witnesses examined. Upon the question of the administration of the law, Mr. Cullen, himself a Commissioner of Bankruptcy, expressed himself in the following striking terms:—

“The commissioners are the worst constituted court of justice that can well be imagined. We are seventy judges, distributed into fourteen courts or lists, as we are called, of five in each. Each list is perfectly unconnected with and independent of the rest. There is no uniformity, no consistency of determination. The suitor has no certainty. He finds one law and practice in one list and another in another; he finds everything is to be argued upon first principles. Precedent has no binding force upon us, and is therefore of no authority; we are not very much disposed to listen to it; we are apt rather to assert our independence and vindicate our right to be governed by our own knowledge. This seems to be the natural consequence of such a number of independent jurisdictions. We are all supreme.” The same witness describes in the most vivid colours the delays and confusion in these courts; the change of judges in the same court and even in the course of one meeting; the frequent interruption of one cause by another; and the distraction caused by the variety of matters under the same commission;—“in one a contested election of assignees, in another a dividend, in another a last examination; and perhaps two or three of each of these at the same time.”

The evidence of another most competent witness, Mr. Grote, is interesting, not only for its intrinsic value, but also as summing up the experience of a banker in the matter. Mr. Grote said:—“I think I can state as a certain fact that where the assignees are adverse to a bankrupt there is always a better dividend. I merely state it as my opinion that in consequence of the improvidence of the bankrupt, the false statement he gives at his examination, and the want of care in making the most of his effects, the assignees

seldom pay any dividend whatever. . . . I applied for dividends under three different commissions. In the first instance there was £30,000 proved two years after the date of the commission. A dividend was advertised; upon applying for it, I was told that the assignee had barely collected £200, and that that would not be more than sufficient to pay the expense of the commission, though £30,000 had been proved. Upon another estate I applied for a dividend, and was told there was a first and final dividend of seven farthings in the pound; upon another I have received a dividend of ninepence. I would suggest that no bankrupt should have his certificate till he paid a dividend. It was an old custom in our house to inquire, when a man brought his certificate for signature, whether he had paid a dividend, and, if not, never to sign it." Asked whether the Commissioners ought to take into consideration the bankrupt's conduct before as well as after his bankruptcy, Mr. Grote replied, "Undoubtedly, if they would undertake it."

Although the able and comprehensive report, of which we have given only an outline, was presented to Parliament in 1818, some years elapsed before any measure was passed carrying into effect any of its recommendations, and one of the greatest evils with which it dealt—the ill-constituted courts by which bankruptcy law was administered—was not reformed until 1831. In the year 1825, however, an important Act was passed, of the history and objects of which we must give a brief account.

### *The Act of 1825.*

The Bankruptcy Act of 1825 might very well be taken as a starting point for the discussion of our modern bankruptcy system. It was a measure prepared with the greatest care and labour, with the view of superseding all previous legislation upon the subject. A Bill was first printed and widely circulated in 1823, reintroduced in the Session of 1824 with many amendments, and in that year received the Royal assent; but, as its operation had been deferred until May, 1825, and many important improvements had meantime been suggested, it was replaced by an Act which came into effect in September of that year. It was a *consolidating* Act, by which all former legislation was repealed, that the entire law on the subject, formerly expressed in many different Acts, might be embodied in one statute. The fact of its being a consolidation gave to it its chief value, but many of the new provisions on particular points were also of much importance, though, of course, of more disputable benefit. A few of the principal alterations effected by this statute we shall here specify.

1. There is an improved definition of traders and trading in relation to the law of insolvency (§ 2). Former Acts had been so construed that many persons who ought to have been included were enabled to escape their operation. In the new law this serious fault

was amended, both by a specific enumeration of different occupations and an enlargement of the terms descriptive of trading.

2. A provision of the Act entirely novel made the *conveyance of all a debtor's property to trustees for his creditors* to be not an act of bankruptcy, unless a commission was sued out upon it within six months, and provided certain specified steps were taken to ensure publicity (§ 4). This alteration, a very important one, put it in the power of debtor and creditors together to take an insolvency out of bankruptcy.

3. The sixth and seventh sections of the Act of 1825 introduced the new principle of permitting the debtor to declare himself insolvent, and "no commission issued to be deemed invalid by reason of such declaration having been concerted or agreed upon between the bankrupt and any creditor or other person." The steps to be taken by the debtor in such action are thus prescribed: "Any such trader shall file in the office of the Lord Chancellor's Secretary of Bankrupts a declaration in writing signed by such trader and attested by an attorney or solicitor, that he is insolvent or unable to meet his engagements;" and the consequent proceedings as follows: "The said Secretary of Bankrupts or his deputy shall sign a memorandum that such declaration hath been filed, which memorandum shall be authority for the printer of the *London Gazette* to insert an advertisement of such declaration therein; and every such declaration shall, after such advertisement inserted as aforesaid, be an act of bankruptcy committed by such trader, but no commission shall issue thereupon unless it be sued out within two calendar months."

4. The only other new proviso of equal moment with the foregoing is contained in Sections 133 and 134, and was adopted from the Scotch Sequestration Act, to the effect that a *composition* may be offered "at any meeting of creditors after the bankrupt shall have passed his last examination," and that if nine-tenths in number and value at such meeting assembled shall agree to accept, another meeting for the purpose of deciding upon such offer shall be appointed; . . . and if at such second meeting nine-tenths in number and value of the creditors then present shall also agree to accept such offer, the Lord Chancellor shall and may, upon such acceptance being testified by them in writing, supersede the commission of bankruptcy, the creditors for under £20 being reckoned in number but not in value.

The effect of this clause is similar to that of Clause 4 above quoted in one essential respect, that it allows the matter to be removed from the cognizance of the Court and left in the hands of the debtor and his creditor. A new and private contract is entered into between them; the debtor becomes a free man, dealing with his property and business as he chooses, subject only to the payment out of them of his promised composition.

The chief particulars have now been specified in which the



statute of 1825 altered the law ; but there remain several, mainly directed to supplying oversights in former statutes or altering provisions which had been so construed as to operate unjustly. Of such amendments the following deserve attention :—

*a.* In order that all who were substantially creditors might have an equitable share in the distribution of the debtor's effects, proof of various forms of debt which had previously been excluded was permitted by this Act.

*b.* The legal doctrine of *Relation* (to the act of bankruptcy) was in this statute much modified, in continuation of a process which had been going on through various enactments since its first establishment by the 13 Eliz., c. 7. In its original severity this doctrine deprived of protection *all transactions with the debtor from the moment of his committing an act of bankruptcy*. But acts of bankruptcy might be such as to be entirely beyond the cognizance of those who dealt with him. The hardship and injustice which resulted, subsequent enactments attempted to remove, and the Act of 1825 still further extended protection to *bond fide* payments, either by or to the debtor.

Alterations were also made in the following points : the choice, the duties and liabilities of assignees ; the proceedings concerning audit and dividends ; the method of taxing bills under bankruptcy commissions ; the summoning and examining of the bankrupt, &c.

The above particulars will be enough to make it evident that this measure changed the law greatly to the advantage of the debtor. No previous statute had permitted the debtor to initiate proceedings in his bankruptcy, nor had he ever before had it in his power to arrange his affairs by trust-deed or composition ; and it is precisely in these respects that the Act was afterwards supposed to be faulty and injurious to creditors and the public. The Act of 1825 dealt solely with the law, and left the courts that administered it very much as it found them. The measure which in a few years followed it was therefore its necessary complement.

#### *The Act of 1831, 1 & 2 Wm. IV.*

Lord Brougham's Act, passed in 1831, was more limited in its scope than that which preceded it, because it was intended simply to arrange that part of the system which concerned the administration of the law ; but within its proper scope it effected a complete revolution. Its title defines its purpose—"An Act to establish a Court in Bankruptcy."

When the Bill of Lord Brougham was introduced into Parliament, the ordinary business of bankruptcy rested with the tribunal that Mr. Cullen, in his evidence in 1817, so severely condemned, the seventy judges sitting in fourteen separate and independent courts, whilst the supreme jurisdiction belonged to the Lord Chancellor, as it had ever since the statute of the 13 Eliz., c. 7. This most anomalous

tribunal was now abolished, and there was established in its stead a Court of Bankruptcy, composed of a Chief Judge, three Judges, and six Commissioners. The *ordinary* administration of the bankruptcy law was entrusted to the six commissioners, "*any one or more* of whom were to have, perform, and execute all the powers, duties, and authorities now vested in commissioners of bankruptcy." The six commissioners were formed into two sub-division courts of three to each court, to hear and determine matters referred to it from a single commissioner. Any of the judges might act as commissioner "as occasion might require."

The judges, or any three of them, were formed into a *Court of Review*, with duties thus defined: To "have superintendence and control in all matters of bankruptcy, and also power, jurisdiction, and authority to hear and determine, order, and allow all such matters in bankruptcy as now usually are brought, by petition or otherwise, before the Lord Chancellor.

This Statute of 1 & 2 Wm. IV. introduced another novelty of the first moment in creating the office of *Official Assignee*,\* with regard to which the following particulars may be noticed.

The official assignees were not to exceed thirty in number; were to be chosen by the Lord Chancellor from amongst merchants, brokers, or accountants at the time of their selection, or previously, engaged in trade in the cities of London or Westminster.

One of them was to act in every bankruptcy, together with the assignees chosen by the creditors, and, until the choice, was to be deemed and to act as a sole assignee of each bankrupt's estate.

The security to be given by each Official Assignee was fixed at £6,000.

His duties were, "immediately on a bankruptcy being declared, to take possession of all the bankrupt's property, and more especially of his books and papers, and to investigate the state of his accounts and the amount of debts due to or from him; to see at once that due care be taken of the property; to act in conjunction with the assignees to be chosen by the creditors—when such choice shall be made—in the general management of all the bankrupt's concern, so as to take care that the same be converted into money as soon as a due regard to the nature of the property and the proper time for effecting a sale will admit of, and finally, to receive all the produce of the estate and *pay the same into the Bank of England.*"

After experience of the working of this measure proved it to be composed, like those which had preceded it, almost equally of evil and good; in doing away with the fourteen courts of commissioners it abolished an absurd and mischievous tribunal, but in bringing in

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\* By previous practice commissioners were empowered to select a Provisional Assignee, but he was not to act together with the chosen Assignees, but until their appointment.

the system of *official administration* it established another fertile source of trouble that made the new appear even more burdensome than the old. The law of bankruptcy and its system of administration as embodied in the two statutes of 1825 and 1831 had a fairly extended period for testing them, for no alteration of importance was introduced until 1847, a measure passed in 1842 being one simply to extend the appointment of commissioners and official assignees for the country.

The enactment of 1847 was again directed to the machinery of bankruptcy administration, placing it once more under the Court of Chancery, from which it had been withdrawn by Lord Brougham in 1831. Practically, the Court of Review had been already superseded, and the business of the Court was done by one of the Vice-Chancellors. But, in order to qualify him to act, he was obliged to receive the appointment of Chief Judge of the Court of Review. The measure now carried did away with the technical mode of transferring the business to the Vice-Chancellor, and gave Parliamentary sanction to a course of procedure already followed without such sanction. In the year 1849, we come to a more ambitious and comprehensive attempt at reform, although the inspiration of it is still that of Lord Brougham.

#### *The Act of 1849.*

Notwithstanding the frequent efforts which had up to this time been made to bring the bankrupt law into a satisfactory condition—efforts not wanting in boldness, and many of them put forth by men whose ability, experience, legal knowledge, and zeal for the public good were unsurpassed,—the results bore no sort of proportion to their exertions. The “last state” of the matter appeared always worse than the first, and the discontent of the mercantile community went on increasing. Previous to the introduction of the Bankruptcy Law Consolidation Bill in 1849, the merchants, bankers, and traders of London had passed unanimously the following resolution:—“That the existing Bankruptcy and Insolvency Laws are a disgrace to this commercial age and country; that under their shelter, deceit, reckless trading, extravagance, dishonesty, and every species of fraud may be practised with impunity.” It was with a view to redress the grievances so strongly complained of that on 5th February, 1849, Lord Brougham introduced a Bill into the House of Lords, and carried it successfully through Parliament the same session.

In his speech on the first reading, Lord Brougham stated as a guide to the object of the measure that it consisted principally of provisions in favour of creditors, and that this complexion was necessarily given to any new proposals because it had been alleged that in the last Bill passed on the subject too great powers and privileges had been bestowed upon debtors. After explaining that the Bill

was to be considered in two parts, the first containing a consolidation of all the statutes then in operation relating to bankruptcy, and the second an amendment of the law, he went on to specify the improvements which he intended to effect by it.

In the first place it simplified and extended those parts of the law which related to the prevention of undue dealings with the property of bankrupts. Next, there was a provision to prevent fraudulent concessions, preferences given to creditors who might be personal friends, and preferences to creditors who, by a most gross species of fraud, undertook to pay the bankrupt for the preference, and, lastly, preventing giving preference to a bankrupt's family relations.

Again, as for many years the direction of their legislation had been to provide for the debtor at the expense of the creditor, he had in this Bill acted upon the principle of giving the creditor all the help he could to recover his debts.

Three points he had kept in view for which debtors ought to suffer imprisonment—cases of fraud, cases of contumacy, such as refusing to answer questions or to give up property, and cases of gross extravagance in contracting debts where the parties had no reasonable prospect of paying, which was a case of fraud, though it was not usually so denominated. In all these cases there was crime, and therefore he thought imprisonment was a fit and proper punishment.

From a subsequent statement made by Lord Brougham we learn that the measure on its introduction was less stringent than when first drawn. As it stood originally, it gave the commissioner power, without the intervention of a jury, to imprison the bankrupt upon his own examination or the bankrupt's own evidence for a period not exceeding a year for fraud, gross extravagance, or contumacy. This had been withdrawn, though reluctantly, on the ground that the principal evidence must be that of the bankrupt himself, and it was contrary to all the principles of our ordinary jurisprudence to punish a man upon evidence extorted from him.

Leaving now these explanations and comments and turning to the Act itself, we find three points of capital importance.

1. In the first place, there is the *classification of certificates*, by which were to be distinguished the virtuous debtor, whose insolvency was attributable to unavoidable losses and misfortune; the unfortunate debtor, whose conduct was upon the whole satisfactory; and the spendthrift, speculating, or fraudulent debtor. This was an alteration from which great results were expected. "Such a change," said Lord Lansdowne, "would work a beneficial effect in the constitution of society itself."

2. In the second place, every debt proved was made a judgment debt, the legal effect of which was that on the refusal or suspension of the certificate any creditor or the assignees on behalf of the

whole body of creditors would be at liberty to take out execution against the person of the bankrupt and put him in prison.

3. Thirdly (a provision looking the contrary way to the above) the absolute discretion of the commissioners to grant or withhold certificates was withdrawn, and the power to refuse was limited to cases where certain specified acts of misconduct were committed.

The satisfaction with which the commercial and trading classes welcomed the Act of 1849 was very great, but it was also speedily dissipated, for the measure proved quite ineffectual to repress the mischief against which it had been directed. The classification of certificates, in particular, proved an utter failure, for reasons which might easily enough have been foreseen. In the first place, insolvents who obtained a discharge were comparatively indifferent as to the class in which their certificate was placed; the distinction, moreover, drawn between one insolvency and another entirely lost its value in the view of the public when it was perceived to depend upon the caprice of the individual commissioners by whom the cases were heard. The practice of the commissioners was not as it ought to have been, uniform and guided by well-understood rules; and it appears plainly, from a Parliamentary return of cases dealt with during the years 1854-58, that the severity or the leniency of the law varied enormously as the disposition or prejudices of the judges inclined it. The unhappy experience that had been gone through with so many previous attempts was once more repeated. Public dissatisfaction again found loud expression, and in recognition of it a Royal Commission was issued in 1853, "to inquire and ascertain whether in any and what particulars the bankrupt law, as it now exists under the Bankrupt Law Consolidation Act, of 1849, requires amendment." A short measure founded on the report of this Commission was passed in 1854. This was followed by various Bills submitted to Parliament, amongst which may be mentioned one by Lord Chancellor Brougham in March, 1858, for transferring country bankruptcy matters to the County Courts; one by Lord Chancellor Chelmsford in July, 1858; another by Lord Chelmsford in February, 1859; another by Lord John Russell in the same month, another by Sir Richard Bethell in April, 1860, and, lastly, by the same author in February, 1861. Of all these only Sir R. Bethell's second Bill succeeded in passing into law.

A speech delivered by Sir R. Bethell in reply to a deputation which waited upon Lord Palmerston as head of the Government in 1859, throws some light upon the view which was taken of the necessities of the case and of the objects with which the measure was framed that was shortly to be introduced. The complaints of the deputation related to--(1) the great expense of the bankruptcy system; (2) the little control creditors were allowed by it in the administration of a bankrupt's estate; and (3) its excessive officialism.

In reply, Sir Richard Bethell said :—

"In the bankruptcy laws, as they stood, there was neither simplicity nor order. . . . He would endeavour to lay down a few tests on the existence of which the creditors should be entitled to take possession of the property of the insolvent for equal distribution. He thought that the Court up to the time of adjudication should by its officials take care to preserve and protect the property for them, and for that purpose only some official person, be he official assignee, or call him by what name you please, should be employed ; but from the moment that the insolvency was declared he considered the property of the bankrupt to be the property of his creditors, and they were the best judges of how it ought to be administered. . . . Some might recollect how loud the complaints had been of the want of system before 1831. . . . Their present anxiety was to get rid of the cumbrous machinery then introduced to meet that evil. . . . After the property has passed over to the creditors, and that *who are the creditors* has been ascertained, for which purpose judicial interference would still be necessary, they ought to have the *utmost facility of administering the estate*, the interference of the Court being only required to compel a complete disclosure of a bankrupt's property and to direct criminal proceedings where there had been concealment."

#### *The Act of 1861.*

It was with these views that Sir R. Bethell brought in and carried through Parliament his measure. The great alterations effected were :—

(a.) Non-traders became liable to the operation of the bankrupt laws.

(b.) *Official assignees* were to be receivers only of debts under £10, and *creditors' assignees* were granted entire control over the disposal of bankrupt estates, with power to appoint and pay managers and to make an allowance to the bankrupt out of the estate.

(c.) Deeds of arrangement or composition were permitted ; the creditors to have power at any time to remove the estate out of court.

(d.) *Class certificates* were abolished, and the commissioners were deprived of their discretionary power in granting or refusing an order of discharge.

(e.) Non-payment on a judgment debtor summons was made an act of bankruptcy.

Some of these alterations, it will be seen at a glance, were of a sweeping character. They meant, indeed, nothing less than the *abolition of the official system* in answer to the complaint that had been made that creditors had little control over the administration of what was really their own property. The new law, however, did not work, and its results were not contemplated with satisfaction even by the author of it. In addressing the House of Lords four

years later, Lord Westbury gave some facts which were a conclusive condemnation of his (Sir Richard Bethell's) own measure. He showed that in 1864 there had been 7,224 adjudications, and of these 5,260 were on the petition of the debtor, 1,360 on the application of debtors in prison, and only 604 on the application of creditors. Only in 1,586 cases out of the 7,224 had any dividend whatever been made, and the proportion of the expense of collecting and dividing amounted to nearly 60 per cent.

It would be, perhaps, presumptuous to attempt to state exhaustively the reasons of this failure, but some of them are sufficiently apparent. By the power which the bankrupt derived under the Act to initiate the proceedings, and nominate his own trustee, without calling a meeting of creditors, greater facilities than ever were afforded for fraud; and whilst the intention in the minds of the framers of the measure had been to give the Court greater power to punish recklessness, extravagance, or fraud, the intention was defeated by the withdrawal from the Court of the discretion which had been conferred upon the Court by § 198 of the Act of 1849.

Again, the large control newly put into the hands of creditors was found to be inoperative, from the fact that, except in large estates, the creditors were not found willing to incur the loss of time incident to the business of realisation.

Under the deeds of arrangement it was not difficult to manufacture fictitious debts, and we have the most ample testimony that this was extensively practised. In proof of these criticisms some of the evidence taken under a Parliamentary Committee as to the working of the Act of 1861 may be here quoted.

In the course of his examination before the Committee, Mr. Edward Lawrence, a solicitor of great experience, said:—"There is a great difficulty in punishing a bankrupt for commercial offences, in consequence of the commissioners having by the existing Act been deprived of all discretion, which was, on the whole, usefully exercised. . . . My experience has taught me that creditors will not permit the assets of an estate to be wasted in prosecuting a bankrupt for any of these offences, it being very uncertain whether a jury will convict. . . . As regards trust deeds and composition deeds, I think a great boon has been conferred upon the trading community, subject to certain qualifications. . . . There is no mode of testing the *bond fides* of the debts, no mode of punishing a debtor on the complaint of a creditor in a minority who may have a grievous cause of complaint. The system prevails of making fraudulent statements of assets and liabilities to lay before creditors. . . . The moment a deed has been registered, any creditor should be able to summons the debtor for the purpose of examining the *bond fides* of his statement. The creditor ought to have the means of satisfying himself by judicial enquiry. . . . I think that the punishment of imprisonment should follow mercantile

offences. I would suggest that creditors might resolve to take an estate out of bankruptcy, leaving the bankrupt behind for the purpose of filing his accounts. . . . Without a proper auditor to investigate the accounts of trustees under trust-deeds, you will never get men to render a proper account of their stewardship."

Mr. F. Nicholls, accountant, said :—"Debtors prefer trust-deeds. They think that a *stigma* attaches to bankruptcy, and that the matter does not become so public under a deed. Sometimes we have a composition forced upon us by a majority, fraudulently obtained, and we are afterwards unable to examine into it."

Mr. Sampson Lloyd, banker, said :—"Frauds are committed under this Act, and there is no remedy. Great expense is incurred. Few acts or none of commercial misconduct are penal under the Bankruptcy Act, unless the creditor can prove *intent* on the part of the debtor, which is extremely difficult to prove."

Evidence of this nature proved more than the failure of the Act of 1861 to remedy the evils existing before its enactment, for it showed that it brought with it mischief of its own making. The measure was in fact a reaction carried too far; a reaction against the official system, and in favour of the power of creditors over bankrupts' estates; the details of the scheme being so heedlessly and negligently arranged that they were not only confused, but mischievous in the highest degree. The attempt to sever the judicial from the administrative functions in bankruptcy matters was admirable in itself, and the principle of creditors' control was also sound, but as they were wrought out they produced no good results. The Act permitted an assignment, but what security was taken for its being an honest transaction, and equitably carried through after being entered upon? An answer to that question may be drawn from the following particulars. The debtor might nominate his own trustee without calling a meeting of his creditors; a statement in detail of the assets was not demanded of him, nor had he to submit himself to examination. No application was necessary on his part for his order of discharge, for the deed itself, when registered, operated as such, no matter what fraudulent transactions he might have engaged in. The claims of creditors were not tested at any meeting, nor was any affidavit or declaration required in proof of debts. Bills were not taxed. The trustee did not submit his accounts for auditing to any meeting of creditors, and made no report as to the state in which he found the bankrupt's affairs, or the course of conduct the bankrupt had pursued. Two essential points of a good bankrupt bill being absent, namely, some means of detecting and punishing any fraudulent conduct on the part of the debtor, and effective checks on mismanagement and waste in the realisation and distribution of the estate, the Act of 1861 might be said to be self-condemned, and its utter failure might have been foreseen. To redress one of the chief grievances, which the negli-



gence of the law had left, a Bill was introduced into the House of Commons in 1868 by Mr. Moffatt, M.P., for Southampton. Its motive was to require stricter proof of debts, in order to check the fraud extensively prevalent of obtaining signatures of fictitious creditors, a practice which put the entire control and disposal of insolvencies into the hands of dishonest bankrupts. Mr. Moffatt's Bill became law, and in the following year we had another and more comprehensive enactment.

### *The Act of 1869.*

We now come to the Act of 1869, which from one point of view it is of chief practical importance to discuss fully, because it is that under which bankruptcy administration is now carried on, but which on the other hand less requires elaborate treatment here than any other portion of the subject, for the reason that it has more than once been subjected to detailed and exhaustive criticism before the Institute by some of its ablest members. No more is necessary now than to present the main features of that measure, and of the present bankruptcy system, in sufficient fulness to enable us to compare it with that which preceded it, as well as with the Bill recently introduced by Mr. Chamberlain.

The subject may be conveniently considered under these three divisions:—1. The *objects* with which the Act of 1869 was framed; 2. The chief *alterations* which it effected; and 3. Its *omissions* and *errors*, as experience has brought them into view.

#### *1. The Objects of the Act of 1869.*

The main purpose of the measure was undoubtedly the same as had been more than once professed by reformers of the law, viz., to do away with the undue facilities which debtors enjoyed in getting rid of their liabilities with little trouble, and in defrauding with impunity their creditors. As the ancient laws had been too severe in regarding every debtor as necessarily a criminal, the more recent statutes had been too blind to the frequency of crime, too lax in the methods of enquiry and punishment which they prescribed. The consequence was, that they did not discourage from insolvency, but made it in too many instances an easy and profitable transaction. The state of the law, in fact, was wholly in favour of the debtor.

Another point aimed at was, that as the debtor ought not to find it so easy to escape the consequences of misdoing, the creditors on the other side should not suffer in addition to the losses they had already incurred, the enormous expense attendant on the process of bankruptcy, which was of such a kind, as the Attorney General declared in the House of Commons in introducing this measure, "that the public dreaded the Court of Bankruptcy and debtors were able to hold it *in terrorem* over the heads of creditors to force them

into unfair compositions"; the expense being in great part occasioned, according to the same authority, by the fact that the courts were "overloaded by worse than useless officials, who helped to devour bankrupts' estates."

The principal aim of the framers of the Bill, as they themselves stated it, was to assimilate the English system to the Scotch, seeing it had been established by abundant evidence that whilst the English system had failed, the Scotch system had succeeded. "The great merit of the Scotch system," said Sir R. Collier, the Attorney-General, "was its simplicity; the absence of officialism; allowing the creditors to administer the estate by themselves, and in their own way without interference, and with only the necessary supervision of the Court, and the separation of the administrative and judicial functions. These were the principles which the Government proposed to adopt."

We shall see that in the result no one of these declared objects of the measure of 1869 was secured by it.

## 2. *The Changes Effected.*

I. In evident imitation of the Scotch system, the creditors were enabled to *appoint trustees and to control them*, both by a "committee of inspection" chosen to advise with and direct the trustee in his administration, and by a resolution passed by themselves in general meeting. As soon as adjudication had been made, the Court was to summon a meeting of the creditors, which should exercise the following powers (§ 14).

(a.) They were to appoint a fit person, who might be a creditor, if thought desirable, to fill the office of trustee for the administration of the debtor's estate, with such remuneration as they might from time to time determine upon. The creditors might, however, leave the selection of a trustee to the committee of inspection.

(b.) They might by resolution declare what security the trustees should give before entering on his office.

(c.) They were to appoint a number of their own body, not exceeding five persons, to form a committee of inspection for the purpose of superintending the trustee.

(d.) They might give directions by resolution in what manner the trustee was to set about the realisation and distribution of the estate.

It was further laid down by the Act for the guidance and control of the trustee in the exercise of his large powers,—that he should have regard to the directions of the committee of inspection, and of the creditors in general meeting assembled (who had authority over both him and their committee), and should "call a meeting of the committee of inspection once at least every three months, when they should audit his accounts and determine whether any or what dividend was to be paid (§ 20); that he should keep in the manner

specified by the Rules of Court proper books, open to the inspection of creditors (§ 22); that he should pay into a bank selected by the creditors, or failing such selection, into the Bank of England, all moneys derived from the bankruptcy, and if proved to have kept more than £50 in his own hands for over ten days, should be subject to severe penalties (§ 30); and that his action should be subject to reversal or modification by the Court on the application of the bankrupt or any creditor or other person aggrieved (§ 20).

Further, in the question of the trustee's power and responsibilities, there were provisions and conditions laid down for his release at the close of the bankruptcy. When all had been realized of the estate that appeared realizable without more cost and delay than the amount would repay, the trustee was directed to call a meeting of the creditors to consider his application to the Court for a release. At the meeting he was to lay before them a statement of the manner in which he had conducted the bankruptcy, a list of the unclaimed dividends and of the property, if any, outstanding. The creditors were to be entitled to express their opinion of his conduct as trustee, and unitedly, or any one of them, oppose his obtaining a release; his right to which the Court, after hearing objections, should determine (§ 51).

Besides the power of direction and control thus given to creditors over the trustee, a further precaution was taken to ensure regularity and exactness on his part, by the appointment of a new official, corresponding to the Accountant in Bankruptcy in Scotland, who was to be called the Comptroller. To this officer the trustee was to forward, not less than once every year during the continuance of the bankruptcy, a statement showing the proceedings in such bankruptcy up to the date of the statement (§ 56); the Comptroller having power to call the trustee to account for any misfeasance, neglect, or omission which might appear (§ 57), and require the trustee to answer any inquiry as to the affairs of the bankruptcy.

2. New conditions were laid down by the Act to regulate *the bankrupt's order of discharge*. The bankrupt must either have paid a dividend of 10s. in the pound, or present to the Court a resolution passed by a majority in number and three-fourths in value of his creditors, expressing their concurrence and their belief that the debtor's failure to pay such a dividend arose from circumstances for which he could not justly be held responsible. The Court might still withhold it on either of two grounds,—if it were shown that the bankrupt had made default in giving up his property, or that a prosecution had been commenced against him for fraud (§ 48).

3. *Liquidations by arrangement* were introduced, concerning which there will be something to be said when we come to deal with the errors and omissions of the measure.

4. There was once more a readjustment of the machinery of the law. The London Commissioners were abolished, and in their room

were appointed a Vice-Chancellor, as Chief Judge, and four Registrars.

### 3. *Errors and Omissions of the Act.*

Notwithstanding the good intentions of the framers of this measure, who set an excellent model before them to copy, and in spite even of the real improvements which some of its provisions undoubtedly introduced, the Act of 1869 has not given satisfaction. Experience has not approved its wisdom. Insolvencies are not less frequent in England, not less expensive, not less fraudulent than they were before 1869, and it seems to be asserted by many that in all these respects they have never at any period been more discreditable than during the last ten years. One reason for this lies upon the surface. The measure is self-contradictory to an extent which nullifies many of its best provisions. Some of the conditions laid down to be observed by bankrupts and trustees are admirable, but there is a loophole of escape from them; for even in considering the wisest and most effectual parts of the Act we have to bear in mind that only a very small percentage of insolvencies are so much as brought under these regulations.

As one example of the manner in which the good portions of the law are rendered nugatory, take the clauses concerning the appointment and control of the trustee. It is there laid down that a trustee must give security, the amount to be fixed by a resolution of the creditors; but a qualification is introduced by the Rules of Court to the effect that this is not absolutely essential to make the trustee's appointment valid, for if such a resolution is altogether omitted, the trustee will be "deemed to be personally responsible" (§ 14, sub-sec. 2). It is further arranged that the creditors are to appoint a committee of inspection to superintend the administration of the bankrupt's estate; but here again neglect of this provision does not affect the trustee's position: it is simply declared that in such a case the Court, when he applies to it, will supply the direction or consent which in the usual course would have been given by the committee of inspection (§ 14, sub-sec. 3).

Further, the important power conferred upon the creditors to oppose the discharge of the bankrupt is hampered and destroyed by the terms in which it is expressed in the Act. The Court may suspend or withhold the certificate of discharge if cause be shown "on representation of the creditors made by special resolution;" so that *no single creditor or minority of creditors* would have the right to appear before the Court and oppose its being granted.

Then, again, the Act is not only in important points self-contradictory, but it does not contain the whole law of bankruptcy. It confers power upon the Lord Chancellor, with the advice of the Chief Judge in Bankruptcy, to make rules, and this not in mere points of form or of technicality; the power is made so wide that it would appear

to cover almost every part of the subject. These rules are to prescribe regulations as to "the manner of valuing debts provable; the valuation of securities held by creditors; the funds out of which costs are to be paid; the order of payment; and the amount and taxation thereof; and as to *any other matter or thing* in respect to which it may be expedient to make rules for carrying into effect the objects of the Act." Powers could scarcely be larger than those thus conferred, and there can be no doubt they introduce into the law an element of confusion and uncertainty. But confusion is not the only result. Many of the general rules made are most mischievous. It is needless here, however, to dwell upon this point, which was ably discussed last year before the Institute by Mr. John Smith (*Journal*, July, 1880). It is sufficiently clear that under such a system we have two laws—that made by Parliament and that made by the Court, whilst we have seen that scarcely any action of the Court in this respect can be said to be outside the limits permitted them by the words of the Statute. Whatever may be our law of bankruptcy, every one will agree that it ought to be as clear and well-defined as it can be made, and that such an arrangement as this, which allows the judges practically to make laws for themselves, is inconsistent with a well-ordered system.

The fact that the rules as well as the Act were drafted by subordinates, and dealt with matters of detail which neither the Lord Chancellor nor the Chief Judge understood, is conclusively shown by the circumstance that though many of the existing evils arise from these very rules, which might have been altered at any moment by the authorities who enacted them, no alteration has taken place since they were first introduced in 1870 and 1871. Successive Lord Chancellors have actually brought in Bills to remedy some of these evils, which they could themselves have remedied by a stroke of the pen.

But by far the most important self-nullification of the Act of 1869, and its greatest blot, are the sections which deal with "composition" and with "liquidation by arrangement." Some of the precautions taken to secure inquiry into the conduct of the bankrupt, and the punctual performance of duty by the trustee, under *bankruptcy*, are expressly done away by the provisions prescribing the course of action in *compositions* and *liquidations by arrangement*; and some others have been dropped out by the rules of Court which supplement the Act. In Part VI., which relates to liquidations, the following enactments amongst others are found:—

1. A debtor may summon a general meeting of his creditors and such meeting may by a special resolution declare that the affairs of the debtor are to be liquidated by arrangement and not in bankruptcy, and may at that or some subsequent meeting, held at an interval of not more than a week, appoint a trustee, "*with or without a committee of inspection.*" This, it will be observed,

not only dispenses with the committee of inspection, but also with the adjudication in bankruptcy and the public examination of the debtor (§ 125, sub-sec. 1).

2. The special resolution appointing a trustee is to be presented to the registrar, but he is not directed before registering and so confirming it, to hear any opposing creditor; he is simply to inquire "*whether the resolution has been passed in the manner directed by this section*" (Sub-sec. 4).

3. The provisions of the Act with respect to the close of the bankruptcy, the discharge of the bankrupt, the release of the trustee, and the audit of accounts by the comptroller, "*shall not apply in the case of a debtor whose affairs are under liquidation by arrangement.*"

Everything which might make it difficult for a dishonest bankrupt to escape punishment, or for a voracious trustee to eat up the estate of the debtor, seems to be by such provisions excised; they were of course not inserted for the purpose, but they have had the effect of encouraging fraud. Those who framed the measure could scarcely have foreseen that under the composition and liquidation clauses, and not under the main provisions of the Act, 95 per cent. of insolvencies would be administered! And yet it appears that this laxity was pretty fully understood by the promoters of the Act, and was designed to provide for arrangements "of a more elastic sort." The words of Sir Roundell Palmer in the House of Commons in Committee on the Bankruptcy Bill, and the definition which he gave of the conditions of liquidation by arrangement show plainly that he at least was in no way blind to the actual meaning and probable working of the liquidation clauses. "The arrangement," he said, "would be just the same as bankruptcy, with these three differences: first, it apparently allowed the committee of inspection to be dispensed with if the creditors so pleased; secondly, it allowed the audit of the comptroller to be dispensed with if the creditors so pleased; and thirdly, it took the case out of the operation of the discharge clause of the Bill, which depended upon the payment of a 10s. dividend, and it enabled the creditors at a general meeting by a majority in number and three-fourths in value, to give or refuse the discharge on any terms they pleased. He did not know whether the mercantile world were prepared for the abolition of all kinds of compositions of a more elastic sort." Experience has shown that these arrangements have been elastic enough to cover the frauds both of debtors who, being empowered themselves to prepare and propose schemes of arrangement to their creditors, find it to be their interest, by collusion with some of their creditors or the creation of fictitious claims, to set out a false statement of their assets and liabilities; and of trustees who, being unchecked by any competent audit, turn the management and division of the estate into a means of enriching themselves.

A point which must not be passed over in any review of the

errors and omissions of the Act of 1869, although it touches an entirely different part of the law than that to which the foregoing criticisms relate, is the rule applied to the *valuation of securities*, a question that bankers have had good reason to feel one of grave importance. The provision laid down (not in the body of the Act, but in the General Rules made by the Court) is, that a creditor holding a security is required to estimate the value of it before he can vote or rank for a dividend; then, if subsequently the security should realize more than the estimated amount, the surplus goes to the trustee; but if it should realize less, the creditor cannot increase his claim against the estate; a regulation which has this effect, that the creditor must always lose except in the improbable case of the estimate proving to correspond exactly with the ultimate value of the security.

We have now reached a point from which it is possible to form some judgment of the results of the Bankruptcy Act of 1869. The first fact which demands notice is that under it the number of insolvencies has gone on steadily growing, not diminishing and augmenting with good and bad times, but constantly increasing. It is, moreover, a most noteworthy circumstance, the lesson of which it is impossible to misread, that whilst during the ten years that have elapsed since the passing of the Act, the number has increased more than threefold of insolvencies settled under the composition and liquidation clauses, which necessitate no examination of a bankrupt before a competent tribunal, and require the assent only of a part of his creditors to free him from his debts, the number of *bankruptcies proper* has actually diminished. To what an enormous total the number has now risen may be found by reference to the Report of the Comptroller in Bankruptcy, printed in the *Journal* of the Institute for October, 1880. "There were, therefore, in 1879"—we quote a sentence from that Report,—“altogether 13,132 cases of bankruptcy, arrangement, or composition; but of the 1,156 *bankruptcies*, 79 were annulled on acceptance of composition or scheme of settlement under Section 28, and 70 more for various other reasons, leaving only 1,000 cases, or about 7 per cent, to which the more important provisions of the Act for preventing abuses by insolvent debtors and professional agents applied; the other 12,000, or 93 per cent., escaping the provisions of the Act which refer to the examination and discharge of a bankrupt, and to the accounts, charges, and conduct of agents employed.”

The number of insolvencies in 1870 was 5,002; in 1879 it reached 13,132; representing a sum in the later years certainly not short of £20,000,000 annually.

It is further to be noted that whilst the number of insolvencies has largely increased, their character has at the same time deteriorated. What kind of dividends the cases of liquidation by arrangement have paid, it is impossible from the private character of these

settlements to trace, but the Comptroller argues from the advertisements of "first dividends" having been only 500 in 1879, that "six out of seven of these liquidations pay no dividend at all." The figures in compositions it is possible to test, and the result of examining them is to prove that the percentage of the best class of compositions (above 7s. 6d. in the £) has greatly diminished in the ten years, and the worst class (not exceeding 1s. in the £) has enormously increased. The total number of compositions in 1870 was 1,616; of these there were 565 over 7s. 6d. in the £, and only 76 under 1s.; whilst in 1879 the total was 4,809, of which the best class numbered 513 (52 fewer than in 1870), but the worst numbered 1,056, just *fourteen times* as many as in the earlier year. The Comptroller's comment upon these facts is that in 1870 debtors had not yet found out that smaller compositions would do quite as well. He goes on to attribute the increase in insolvencies directly to the law, arguing "from the state of trade during the last ten years, and its apparent effect upon bankruptcy proper, on Scotch sequestrations, and the better class of composition, that there should have been in 1879 about 5,000 liquidations and compositions instead of 12,000." He further remarks, "I am unable to suggest any reasonable causes for the excessive numbers attained except the tendency of easy liquidation to encourage, at all times, the growth of a too rapidly growing opinion that it is unnecessary, or even foolish, to pay debts in full, and, in times of commercial prosperity, a large amount of hazardous speculation and consequent insolvency. Whatever the cause, the financial result may be represented as a constantly increasing tax on English commerce, averaging during the last five years about twenty millions per annum from losses by bad debts, exclusively in the class of insolvencies which are at present dealt with under the English Bankruptcy Act."

The Comptroller also refers in forcible terms to the facilities which trustees enjoy and make use of to the fullest extent under liquidations of making what arrangements they please for their own benefit; and quotes with approval the opinion expressed in a memorandum attached to a return from a Bankruptcy Court official. "The trustees under liquidation never have their bills taxed; they charge what they like and do what they like; it is a perfect swindle with them."

It is a corollary to much which is written above, that the expenses of English insolvencies are extremely high. Uncontrolled trusteeship and private arrangements, with their concomitants of untaxed bills, commissions, and general corruption, necessarily imply enormous expense. But besides these illegitimate and fraudulent costs, it seems to be generally allowed that English bankruptcies are expensive to an unreasonable extent, such as compares most unfavourably with insolvencies in other countries. It would appear on the best calculations obtainable that the average cost in England



is about double what it is in Scotland. Mr. Sampson Lloyd gives the average for thirteen years of Scotch sequestrations as only 23 per cent. on the net assets divisible among the creditors,\* whilst the Comptroller states that of the English bankruptcies proper, during 1879, to have been 38 per cent. But it has undoubtedly often been much higher.

The results then of the Bankruptcy Act of 1869 are briefly these :—

1. That under it insolvencies have enormously increased, in good times and in bad.
2. That the character of the insolvencies, as seen in the dividends paid, has deteriorated.
3. That the increase has been solely under the clauses of the Act that give undue facilities to debtors and to trustees.
4. That the expenses of administration are excessive.
5. That in the opinion of the best authorities it has tempted to fraud by opening a wide door of escape from the just consequences.

After an experience of the law above-sketched extending over twelve years, we are promised this session a Bill upon which the hopes of many bankruptcy law reformers are fixed. Though the state of business in Parliament renders the fate of any secondary measure more than problematical, an effort will be undoubtedly made to press Mr. Chamberlain's Bill forward into law.† A short sketch of the main provisions of this new proposal is necessary to complete the outline of our bankruptcy legislation and bring it down to date.

### *The Bill of 1881.*

The greatest innovation in this Bill is the power of *supervision* which is conferred upon the Board of Trade in all matters of bankruptcy. It involves, undoubtedly, an alteration of the greatest importance, and is a return, in form at least, to the "official" system of bankruptcy which experience did not approve. We have to bear in mind, however, first, that if the "official" system did not work satisfactorily, the "self-liquidating" period has been equally disappointing; and, secondly, that in such an intricate machinery as the bankruptcy law presents, powers which, when applied in one way, may effect only mischief, may be useful or even indispensable when applied in another. Method counts for much where such an infinity of detail is to be dealt with. As has been well pointed out by Mr. John Smith, in his "Notes" on this Bill,‡ "it is the system

\* *Journal of the Institute of Bankers*, July, 1880, p. 543.

† Since the above was written, Mr. Chamberlain's Bill, in common with many other measures, has been withdrawn for want of time to consider it. The next session will doubtless see a similar bill submitted to Parliament. (Oct. 1881).

‡ *Journal of the Institute of Bankers*, May, 1881.

of *official administration* which experience has condemned, and against which the sense of the mercantile community instinctively revolts. That was the system which characterized the legislation of the early part of this century. Estates were thrown into the Bankruptcy Court, and realised and distributed by official assignees without any control on the part of the creditors; these assignees seldom possessed the requisite mercantile experience for the task; the system was cumbersome and costly." What this Bill provides is not *official administration*, but *official supervision*. And those who examine this supervision will find that it is made very closely to resemble in its essentials that which is exercised under different names in Scotland.

The Comptroller in Bankruptcy is placed under the direction of the Board of Trade, and a new office is created in the "official receivers" who hold an important place under the provisions of this Bill. The official receiver will combine some of the duties of the sheriff (or county-court judge) and some of the duties of the creditors' trustee in bankruptcy cases in Scotland, along with that of the "judicial factor" who, in Scotland, is sometimes appointed to take charge of an estate until the first meeting of creditors.

The official receiver is to receive and adjudicate upon proofs of debt, report as to any proposed scheme of arrangement or offer of composition, take part in the debtor's examination, and report to the Court upon the conduct of the debtor before the discharge is granted. (§ 46).

The supervision here proposed is, however, not confined to the appointing and superintending of officers immediately connected with the Board of Trade; it will apply also to the trustee appointed by the creditors; in his *appointment*, for the Board will decide on his personal eligibility and judge of the security he offers (§ 20); in his *administration*, for it may remove him for misconduct, and at the close refuse him a release; and in his *remuneration*, the scale of which the Board will have power to raise.

The above are points on which very similar powers are exercised over the trustee in Scotland, and yet the guiding principle in the Scotch "sequestration" system has been stated by the best authorities to be *to leave the management of the matter to the creditors* whose business it is; for it is not thought inconsistent with this principle to give to creditors some authority to whom they may appeal in case of any doubtful or suspicious transactions, nor is it considered any drawback to the proper powers of the trustee to subject him to effective superintendence.

The provision which in importance must rank next to these is that of § 3, which repeals Parts VI. and VII. of the 1869 Act, relating to composition and liquidation by arrangement; which have long had an unenviable distinction as the most mischievous portions of the existing law. Schemes of arrangement and compo-

sition are not excluded by the proposed enactment; but they are very carefully guarded. Any scheme must be proposed and accepted by *special* resolution of the creditors at one meeting, and confirmed by ordinary resolution at a second meeting, three days before which there must be circulated among the creditors a notice of the terms of the offer and a report of the official receiver as to the merits of the proposal. The confirmatory resolution is not to be passed until *after examination of the bankrupt*. The creditors' acceptance is subject to the Court's approval and not valid without it. The Court will receive from the official receiver a report, and will only give its sanction when satisfied of the reasonableness and beneficial nature of the scheme and the good conduct of the debtor.

A further provision of the Bill, attempting to remedy an evil that has been the cause of much just complaint, is the clause restricting by stringent conditions the granting of the bankrupt's discharge; one of which conditions is, that on the hearing of the application the Court shall take into consideration a report of the official receiver as to the bankrupt's conduct and affairs; and another that certain facts, if proved, (such as insufficiency of the estate to pay 10s. in the pound; absence of proper books of account or an annual inventory and balance-sheet for the three years preceding bankruptcy; great increase of liabilities through carrying on trade at a loss while insolvent; rash and hazardous speculations; unjustifiable private expenditure; undue preference, or any other misdemeanour,) may be made an absolute bar to a discharge, or may attach the condition to it of the liability of future-acquired property.

The old evils of untaxed bills, and of large sums of money lying in trustee's hands, are dealt with by provisions in § 26, and § 28; which require that "all bills of solicitors, receivers, managers, accountants, brokers, and other persons, not being trustees," shall be taxed; and "no payments in respect thereof allowed without proof of taxation;" and that "if a trustee or receiver retains in his hands a sum exceeding £50 for more than ten days, he shall pay interest at the rate of 20 per cent. per annum, and may be dismissed his office."

That this new measure does at least attempt and attempt boldly to grapple with the main defects of the law under which the community has lived and suffered for the last twelve years, is undeniable. Fraudulent debtors and trustees will not find themselves quite so secure and at ease under the new law as under the old. Whether it will accomplish all that is hoped, is a very different question and one which, after all the disappointments of our bankruptcy legislation, is best left to the future to decide. One thing may be confidently affirmed, namely, that, although our bankrupt law may have multiplied temptations to wrong-doing, by the impunity and shelter its provisions afforded, all the evils from which the mercantile community has suffered, are not to be laid at the door of the

law. Something was also due to the miserable laxity of commercial morality which has prevailed. No reform of the law will suffice to cast out this evil spirit, but some good may be done by stamping as knavish and criminal the fraud and robbery which so frequently appear under the honest guise of commercial transactions.

## PART II.

### THE SCOTCH BANKRUPTCY SYSTEM.

In several of the latest attempts to set bankruptcy law upon a satisfactory basis, law reformers in introducing their schemes have stated it to be their desire to assimilate the English system as far as might be possible to that of Scotland. There are good grounds for considering such an endeavour both reasonable and desirable. In the first place, while the only results of our English system have been constant disappointment and growing discontent, the satisfaction with the prevailing system in Scotland is stated by authoritative witnesses to be almost universal; and in the second place, the commercial laws and usages of the two countries are in every essential respect so much alike that there seems to be no sufficient cause for believing that a bankrupt system found suitable in the one, might not be equally satisfactory in the other. Notwithstanding several well-meant efforts, however, the two systems still remain distinctly different in most important respects. What is necessary in order to bring them into closer agreement, will be better understood when we have given an outline of the procedure in Scotch "sequestration." *Sequestration* is simply the Scotch term for the legal process of bankruptcy and in considering it we shall do well to bear in mind the fact that in Scotland 97 per cent. of insolvent estates go through this process, whereas in England we have already seen only 7 per cent. are so administered. The authorities consulted upon this part of our subject are the manual of "The Law of Insolvency and Bankruptcy in Scotland" by Mr. James Murdoch, and Mr. John Boyd Kinnear's "Comparison of the Bankruptcy Systems of England and Scotland," from which the following particulars are freely drawn.

#### *Proceedings in Adjudication.*

(a.) *Process, how set in motion.*—The process of sequestration may be set in motion either by the debtor or the creditors. If the petition is made by the debtor, it must be with the concurrence of one creditor for £50, or of two creditors whose claims amount together to £70, or three with a total of £100. When the application is made by creditors, the debtor must be already "*notour bankrupt*,"—that is, he must have committed an act of bankruptcy. But whether sequestration is obtained by debtors or creditors makes no difference in the subsequent procedure.

(b.) *The Petition.*—The petition is made either to the Court of Session in Edinburgh, or to the sheriff (the county court judge) of the county in which the debtor has for a whole year resided or carried on business. In the former case, after adjudication has been made, the judge orders transference of the sequestration to the Sheriff Court of the county which is most convenient for the purpose. When the petition is not presented by the debtor or with his concurrence, the judge orders service of the petition on the debtor; after the days of notice have expired, he takes the matter into his consideration, and any objections being heard, makes or refuses the adjudication.

(c.) *Preservation of the Estate.*—Any measures which may be necessary for taking care of the estate until the first meeting of creditors, the sheriff may cause to be taken, at his own instance or on the application of any creditor. The means which the law particularly specifies for this purpose are the appointment of a "judicial factor," the securing of the books and papers of the bankrupt, and the locking up of his premises.

(d.) *Bankrupt's protection.*—The bankrupt may apply for *personal protection* until the first meeting, and will obtain it unless a creditor appears and make out a *prima facie* case against it.

*First Meeting.*—At the time of making the adjudication, the judge fixes a day for the first meeting of creditors, and the date of this meeting is advertised in the same *Gazette* which contains notice of the bankruptcy, inserted immediately after adjudication; the first business of which meeting will be the *proof of debts* and the *election of a trustee*.

*Deed of Arrangement.*—At this stage, however, the regular process of sequestration may be broken off; though in practice it is so in only an insignificant number of cases. The creditors may at their first meeting, by a majority in number and four-fifths in value, resolve to wind up the bankruptcy under a private deed of arrangement. In this case they apply to the sheriff to stay proceedings for four months, which he does on being satisfied of the existence of the required majority. If within the four months a deed is produced, signed by four-fifths in number and value, and the sheriff finds it unobjectionable, he issues an order declaring the sequestration at an end. If such a deed is not produced, the sequestration goes on.

*Election of Trustee.*—Supposing no such interruption of the usual course to take place, the creditors at their first meeting, which by law must be held in some public hall, elect either the sheriff or one of themselves to be chairman. The creditors present, either personally or by proxy, produce their proofs of debt; which proofs consist of vouchers (or documents) of the debt, together with an affidavit sworn before any person qualified to administer oaths. The trustee is then elected by a majority in value. He may be a

creditor, provided he is not a person who is, in the language of Scotch law, "conjunct or confident with the bankrupt" or who holds an interest opposed to the general interest of the creditors; but most frequently in large insolvencies an accountant is chosen. To any creditor, or to any defeated candidate for trusteeship, appeal is permitted to the sheriff; on two grounds,—viz., that the debts of creditors voting have been insufficiently proved, or that the trustee is personally ineligible. These questions the sheriff decides, either at once or after hearing argument of points in dispute. The costs of action fall upon the party defeated. The creditors then fix the amount of security which must be given by the trustee, and he is formally appointed to his office. A committee of three creditors, called "commissioners," is elected to advise with and superintend him.

*Duties of the Trustee, and conditions of his office.*

The trustee, under the direction of the commissioners, proceeds to realise the estate. Having intimated his election, by letter as well as advertisement, to all the creditors, he applies to the sheriff to name a day for the bankrupt's examination; the date of which is in like manner to be intimated to the creditors. The examination, which is not confined to the bankrupt, but extended to all who are supposed to be able to give information as to the affairs of the debtor, is on oath, and, if the trustee desires it, in open court; and the bankrupt or any other witness may be committed for refusal to answer or to produce books and papers demanded. At the end of the examination the bankrupt must swear that he has made a full disclosure.

The trustee must *keep regular books*, and he must deposit in a bank in a *separate account* all monies as they come into his hands, under heavy penalties.

The *first dividend* is payable six months after the adjudication; the second four months after the first, and each succeeding dividend three months after that immediately preceding. The acceleration or postponement of these periods, and the fixing of the amount to be divided, is put in the power of the commissioners or committee of creditors.

The *remuneration* of the trustee is derived from a commission on the assets recovered. The precise rate is fixed by the commissioners, and it is stated to average in practice  $3\frac{1}{2}$  to  $4\frac{1}{2}$  per cent. The time of arranging what rate shall be paid is on the occasion of the committee of creditors auditing the accounts of the trustee previous to the declaration of each dividend.

Before the trustee is *discharged* of his trust, he has to obtain from a meeting of creditors held after the final dividend, a declaration of their opinion as to his conduct in his office. This being had he can apply to the Court and receive from it his release.

*Compositions.*—There is, under the trustee's administration, a method by which at any time the sequestration may be closed and the bankrupt discharged, by the carrying through of a settlement in the shape of a composition. It requires to be considered at two meetings before being finally decided upon. When made at the first meeting of all, it requires a majority in number and nine-tenths in value present or represented to entertain it. When entertained, it becomes the trustee's duty to see that every creditor has notice that the offer has been made and entertained, and that it will be finally disposed of at the second meeting: he sends at the same time a statement how the affairs of the bankruptcy stand to enable them to judge of the offer and the security. When not proposed at the first meeting but subsequently, then it is entertained at a first meeting and carried at a second, *held after the debtor's examination*, by a majority in number and four-fifths in value. When carried, the agreement is embodied in a bond lodged by the debtor and his surety, which bond is registered. The transaction, however, must be considered and decided upon by the Court, which receives a report from the trustee on the circumstances of the case and hears the complaint or objection of any creditor before giving its decision. The Court may approve or reject the arrangement at discretion. If approved, the sanction of the Court is formally granted, and the bankrupt receives a discharge, on making a declaration or oath that he has surrendered everything and has been guilty of no improper conduct in carrying through the composition offer.

*Certificate.*—Excepting by a *composition*, approved by nine-tenths of the creditors present at the meeting where it is proposed, the bankrupt can in no case obtain his discharge until *after his examination*. His first step is to apply to the trustee for a certificate as to his conduct, and if this is refused, he can proceed no further; the next, to get the consent of his creditors; if all concur, he can apply at once to the Court, and after six months, with the consent of a majority in number and four-fifths in value, the required consent diminishing gradually in amount until two years after the sequestration, when he can obtain it without any consent. But in every case the *trustee's report* is required as to his conduct and as to how far he has complied with the provisions of the Act, and how far the bankruptcy was occasioned by culpable or undue conduct. The Court is unfettered in its decision; may grant or refuse the discharge, or defer consideration of the matter, or annex to a discharge what conditions it deems proper.

*Superintendence.*—The Accountant in Bankruptcy in Scotland is entrusted with large powers of supervision. Every bankruptcy throughout the country is throughout its administration under his surveillance. He is furnished by the trustees in all bankruptcies with an annual report, in which he can follow each stage of their

progress, and full accounts of all funds collected, expended, and divided. If not satisfied with the information furnished, he can demand any further particulars that appear necessary, or inspect the books. He can also summon a meeting of the creditors at any time, and report to the Court any irregularity that comes under his notice.

*Functions of the Court.*—The authority of the Court is supreme, but in practice its interference is very limited. Its function is control, and is only exercised on the complaint of some one, or in cases of appeal. It has power to review and reverse any resolution to which creditors may come, and the decisions of trustees. The appeal is first from the trustee or the creditors to the sheriff, and from him to the Court of Session. Such appeals it is seldom necessary to bring, but occasionally they are made on points of law, and in almost every case the costs are paid, not out of the estate, but by the party defeated.

*Powers of Creditors.*—The administration of a bankrupt's estate in Scotland is really in the creditor's hands. The creditors as a body exercise authority and control over the trustee and the commissioners whom they appoint. A majority in value at any meeting of creditors can remove a trustee without assigning any reason; one-fourth in value of creditors may apply to the court and show cause for his removal at any time; and a single creditor may call the trustee to account for his conduct, and complain to the Accountant in Bankruptcy that the trustee is not faithfully performing his duties and duly observing the rules imposed upon him; it is then the Accountant's duty to inquire, and, if necessary, to report to the Court of Session, which has power to deal with him.

Amongst the points which in the above outline of Scotch bankruptcy procedure suggest themselves for comparison with our English system the following, perhaps, best deserve attention:—

1. That one great aim which English bankruptcy reformers have proposed to themselves has in Scotland been attained—in the separation of the *judicial* from the *administrative* functions, and the finding for each of these of its proper place. In Scotch bankruptcies the administration of the estate is put into the hands of those whose property it really is, viz., the creditors', but over them is the judicial power, which reserves to itself to judge of *conduct*, both in the bankrupt and in those who have the realization and distribution of his estate to arrange. The supervision is effective, while it does not hamper, or obstruct or delay.
2. That in the two great openings for fraud, in connection with bankruptcy, the checks in the Scotch system are definite and stringent, whilst in the English they are comparatively worthless. The *bankrupt* in Scotland obtains his certificate only after examination and after the trustee has reported upon his commercial conduct; the *trustee* is paid by a percentage on the results of his administration,



not, as in England, according to the time he spends over the bankruptcy. The trustee, moreover, is in the Scotch system under the control of the creditors and the supervision of the Accountant in Bankruptcy, whom he must keep constantly informed as to the condition of the insolvencies he is engaged upon.

3. The *expense* is to a remarkable degree less in Scotch sequestrations. This point has already been noticed under the English Bankruptcy Law of 1869, but it may be worth while to quote the words of a competent witness examined before the Parliamentary Committee of 1864. Mr. J. W. Guild, an eminent Glasgow accountant, gave evidence as follows:—

“Have you the means of telling the Committee what proportion, on the average, of the amount realized is paid over to the creditors as dividend?”

“The average amount divided among the creditors, taking the experience of the first six years since the passing of the Act, is 78 per cent. of the whole sum realized”

“Of the gross assets?”

“Yes;” he referred to the gross assets. He took the figures from the accountant’s returns. 21½ was the exact amount of the expenses, and was thus made out:—“¼ per cent. allowance to bankrupt, trustee’s commission, 4½ per cent.; law charges, 7 per cent.; miscellaneous ordinary expenses, 2½ per cent.; extra miscellaneous expenses, 6½ per cent. The Accountant in Bankruptcy stated that this was an under-statement of results. If you excluded cases in which expenses from special causes were unusually large, the figures were 88 per cent. dividend and 12 per cent. expenditure.”

4. Another point which must not be forgotten is the enormous disproportion between the English and Scotch insolvencies settled under the *regular bankruptcy procedure prescribed by law*. In Scotland about 97 per cent. follow that procedure, in England about 93 per cent. escape it. In Scotland, it is followed because found the least expensive, the most expeditious and secure method of arranging the affairs of an insolvency; in England, creditor and debtor appear to combine to evade it as the worst of evils. It would be difficult to put into a few words a more conclusive condemnation of any law.

5. In its results, the Scotch system is satisfactory to those who live and trade under it. It is regarded with general contentment, it has stood without any alteration of importance since 1856, and without any cry being raised for its amendment, which is in itself a testimony to its substantial justice and adaptation to the wants of the community. Within the same period proposals for reform of the English Bankruptcy Law have been renewed almost, if not altogether, year by year.

## PART III.

## FOREIGN BANKRUPTCY LAW.

We now turn to the legislation on this subject in some countries abroad. It is more difficult, of course, to state their experience than our own, and especially to give a detailed account of grievances and defects acknowledged and remedies proposed; but with regard to some of those countries which are commercially our most important neighbours, it is not difficult to ascertain pretty accurately what is the exact law on the question. Upon the bankruptcy law of France and Germany there are exceptional means of information at hand, their latest statutes having been set out in a translation published in 1879 as a Parliamentary paper. An outline at least of the procedure in these countries can therefore be attempted with some confidence. First, then, of

## FRANCE.

The first thing that strikes a student turning from the English to the French law on this question is the broad distinction which the latter draws between *insolvency* and *bankruptcy*; the former being a civil and the latter a criminal matter, the treatment and penalties of either being arranged accordingly. It is instructive to observe, as we shall later on, upon what circumstances this distinction is made to rest, and it will be useful to inquire whether, as drawn in the French commercial code, it is or is not a just one. We shall follow the law through its three heads or "titles" of *Insolvency*, *Bankruptcy*, and *Rehabilitation*, with the object of setting down in the briefest form all that is essential and noteworthy in its provisions. (The figures refer to the paragraphs of the statute.)

1.—*Insolvency.*

*A. Every trader who suspends payments is deemed insolvent, and must within three days after suspending payment file a declaration to that effect at the office of the registrar of the tribunal of commerce within the jurisdiction of which his domicile is situated, this declaration being accompanied by a balance-sheet detailing every particular of profits and losses, assets and liabilities. If this statement is not produced, the debtor must explain its absence (437, 438, 439).*

*B. The declaration of insolvency is made by the decree of a tribunal of commerce, on the application of the insolvent or that of one or more of the creditors, or ex officio by the Court (440).*

*C. By the same decree which declares the insolvency, the tribunal of commerce appoints one of its members "judge-commissioner" of the insolvency. This official has the duty of superintending and accelerating the proceedings and the administration of the estate.*

His decisions are only subject to appeal in certain cases provided for by law; the appeal, when permitted, is to the tribunal of commerce. The judge-commissioner is removable by the tribunal at any time (451-4).

D. The same initiatory decree of the tribunal appoints one or more *provisional trustees*. The judge-commissioner summons a meeting of creditors within fifteen days at latest. He consults the creditors present upon the nature of the claims of the supposed creditors; and, on the appointment of new and permanent trustees, minutes are drawn up of their statements and remarks, which are submitted to the Court. After consideration of these minutes and the report of the judge-commissioner, the tribunal appoints new trustees or confirms the appointment of the provisional ones (462).

No one who is a *relation*, or connection, within certain degrees, of the insolvent can become a trustee (463).

The trustees' *remuneration* is determined by the Court on the report of the judge-commissioner (462).

The trustees are removable by the Court on the proposal of the judge-commissioner, who may propose it at his own instance, or on the complaint of the debtor or the creditors (467).

E. The debtor's *books of account* are delivered by the magistrate who has had them under seal to the trustees after he has inspected them and drawn up a summary report of the state in which he has found them (471).

F. The judge-commissioner is guided by the apparent state of the insolvent's affairs in proposing or refusing to propose the *release and protection of the person of the bankrupt* (472).

G. The trustees must call the insolvent before them, close and inspect his books in their presence, and the judge-commissioner has power to *examine* him, his clerks, employes, and all other persons supposed able to give information as to the balance-sheet or the causes and circumstances of the insolvency (475, 477).

H. *Proof of debts* takes place at the place, day, and hour fixed by the judge-commissioner. The creditors are called upon to attend for this purpose. In every case the judge-commissioner may order the creditor to produce his books, or may demand compulsory examination of such, and that an abstract thereof shall be furnished him, to be made by the magistrates of the place. If the claim is admitted, the trustees subscribe on each voucher of title a declaratory certificate; and within eight days after his claim has been verified each creditor must make an affidavit before the judge-commissioner that the said claim is genuine and *bonâ fide* (496-7). Every creditor who has proved, or is entered on the balance-sheet, may attend and oppose any proofs furnished or to be furnished. The insolvent has the same right (494).

I. The procedure on the *Agreement of Composition* is as follows:—

Within three days succeeding the intervals prescribed for the filing of creditors' declarations, the judge-commissioner directs the registrar to convene the creditors whose claims shall have been proved and affirmed, with a view to discussing the drawing up of the agreement of composition (504). The trustees make a report to the meeting of the condition of the insolvency, on the formalities that have been observed and the transactions that have taken place. The insolvent has a claim to be heard at the meeting (506).

The agreement can only be made with the assent of a majority of creditors, who must represent three-fourths of the claims proved (507).

Any opposing creditor may be heard before the tribunal of commerce before the agreement is confirmed; and in any event, before the confirmation is decreed, the judge-commissioner must make a report respecting the character of the insolvency and the admissibility of the agreement of composition (514).

Where the insolvent has been condemned for fraudulent bankruptcy, no agreement of composition can be made; and where it is discovered afterwards it annuls the agreement made (510, 522).

The Court may refuse to confirm, for reasons either of public interest or reasons regarding the position of the creditors.

Immediately after the decree of confirmation has been pronounced, the duties of the trustees terminate.

Where a trading firm has become insolvent the creditors are not permitted to enter into an agreement of composition save as to one or more of the partners; the personal property of those with whom an agreement of composition has been made is excluded from the operation of the *juridical union* in which the creditors are supposed to act, and the special agreement made with them must contain no engagement to pay a dividend but out of property apart from the assets of the partnership (531).

*J.* Where no agreement of compromise intervenes, the creditors are deemed to be in a state of *juridical union*. The judge-commissioner consults them as to the conduct of the business, as to the continuing or replacing of the trustees, as to an allowance being granted to the debtor, &c. (529, 530).

The trustees are the representatives of the creditors, and are empowered to proceed with the liquidation. The creditors may give directions to proceed with the realization of the assets. The deliberations which confer this authority also limit its duration and extent, and determine the sums which trustees may keep in hand for the purpose of defraying the costs and expenses of the administration. These directions can only be given in the presence of the judge-commissioner by a majority of three-fourths in number and amount (532).

The creditors as a body are to be called together at least once in the first year of the insolvency, and if there is occasion, once in

each year succeeding by the judge-commissioner. The trustees have at these meetings to render an account of their management of affairs (536).

K. At the *termination* of the liquidation, the creditors are called together by the judge-commissioner. In this final meeting the trustees render their accounts. The insolvent is present, or duly summoned to attend. The creditors give their opinion as to the excusability of the insolvent. Each creditor may make his own statement and observations.

The judge-commissioner's duty after this meeting is to present to the Court a report of the deliberations of the creditors in regard to the excusability of the insolvency, and also his own report as to its circumstances and character. The decision rests with the Court. Should the insolvent not be declared excusable, the creditors re-enter into the exercise of their rights both against the property and person of the debtor. If declared excusable, he shall be exempt from imprisonment as regards the creditors, and he shall not be further pursued by them *save as regards his property*, except in cases directed by special laws (539).

L. In the *distribution* of the estate the trustees remit to the judge-commissioner *each month* a statement of the situation of the insolvent estate, and the moneys deposited at the treasury (*caisse des dépôts et consignations*). The judge-commissioner shall order, if occasion requires, a dividend to be paid to the creditors, settling also the amount, and seeing to it that all the creditors have notice (567).

## 2.—*Bankruptcy.*

The division of the French law entitled "Of Bankruptcy" has two chapters, the first of *Simple Bankruptcy*, and the second of *Fraudulent Bankruptcy*; but insolvents whose affairs fall under either of these heads are punished in accordance with the penal code. An insolvent is declared guilty of "simple bankruptcy," and his position is changed from that of *failli* to that of *banqueroutier* :—

1. If his personal expenses, or those of his household, are found to be excessive.

2. Where he has lost large sums, either in gambling or in operations on the Stock Exchange, or in merchandise.

3. If, with the intention of staving off his failure, he has purchased goods to be sold below their market price; or where, with the same intention, he has borrowed large sums of money, put bills into circulation, or has adopted other ruinous means for obtaining money.

4. If, after suspension of payment, he has paid any one creditor to the prejudice of the other creditors (585).

And an insolvent *may* be declared guilty of simple bankruptcy :—

1. If he has contracted, for account of others, without receiving

value in exchange, for amounts which shall be deemed excessive, paying regard to the position he was in.

2. If he be declared insolvent a second time, the liabilities under the first not having been discharged.

3. Where he has married under the dotal system, or that of separation of goods, and has failed to comply with the articles of the law relating to such marriage.

4. If within three days of his suspending payments he has omitted to make the declaration required, or if such declaration does not contain the names of all his partners.

5. If he fails to present himself on the occasions named by law.

6. Where he has not kept books and made an inventory; where his books or his inventory are kept irregularly, or do not give a true statement of his assets and liabilities, without even the debtor having been guilty of a fraud (586).

The costs of prosecution by a public officer are in no case charged to the estate, but if instituted by the trustee the costs are borne by the estate in case of acquittal, and in case of conviction, by the public treasury (587-8).

*Fraudulent Bankruptcy.*—Fraudulent bankrupts are defined in the French code as those who have made away with their books, or have abstracted or concealed a part of their assets, or who, either by any written instruments, or by public acts, or by written instruments under their private signature, or in their balance-sheets, have fraudulently admitted themselves to be indebted in sums they do not owe (591).

### 3.—*Rehabilitation.*

The insolvent who shall have paid in full the principal sum, interest, and costs of all debts due by him French law entitles to his rehabilitation. His application is to be addressed to the court of appeal within the jurisdiction of which he is domiciled. Most careful precautions are taken, by advertisement, two months' delay, and inquiry, to ascertain the truth of the facts stated in the application. No person who has been condemned for fraudulent bankruptcy, theft, cheating, breach of trust, or fraudulent misrepresentations, is permitted to be rehabilitated. Those, however, who have only been condemned for simple bankruptcy, and have suffered the penalties attached thereto, may be rehabilitated (604-12).

In considering the foregoing system of bankruptcy law, it is impossible to avoid noticing two great characteristics, namely, the prominence and strength of the *official* element in it, and the anxious precautions taken against fraud, under cover of commercial forms, escaping recognition and punishment. *Officialism* we in England have come to think mischievous in matters of this kind, and so officialism is, but it need not be an evil that the official element has

great power, so long as it is directed in the channel that properly belongs to it. And in the French law, it will be observed, it is mainly confined to supervision.

The chief defects of our English system have long been recognised, first, in the ease with which dishonest debtors evade the payment of debt and the due punishment of their misdeeds, and are without let or hindrance set free to repeat their robberies; and, secondly, in the openings for corruption which the unchecked and uncontrolled trusteeship in private arrangements and compositions have admitted. But under the French law there are *no* private arrangements. In the case of composition contracts, which is the only form of withdrawal from the ordinary course of law, the composition-offer must be reviewed and confirmed by the Court upon the report of the judge-commissioner on the *character of the insolvency and the admissibility of the offer*; whilst any fraud, discovered before or after, either prevents or annuls the composition.

Trustees on the other hand are checked in their administration. They must report *every month* to the judge-commissioner the position of the insolvent estate, and present at least once every year to a meeting of creditors an account of their stewardship. Their remuneration is determined by the Court on the report of the judge-commissioner; in itself a powerful and constraining motive to good behaviour on their part.

Throughout the law there are provisions which ought to act as incentives not only to honesty, but to business regularity on the debtor's part. A delay of more than three days after he has suspended payment before he files a declaration to that effect, alters *ipso facto* the character of the insolvency. The fact of his keeping no books, or keeping them in such a manner that they present an imperfect account of his transactions, his assets and liabilities, may change the character of the insolvency and bring it under the penal code.

The severity of the law is, undoubtedly, much greater than that in England, and in the point of the debtor's discharge is questionable; the insolvent, excepting in the case of a composition-offer accepted and confirmed, having no protection as regards future acquired property, even where the creditors and the Court pronounce the insolvency excusable. The provisions concerning proper book-keeping may in some cases operate very harshly; but those by which reckless speculation and extravagant living are made to give an entirely other and a criminal aspect to the insolvency are unquestionably sound in principle. It is easy to disguise swindling in mercantile forms; it is essential to a healthier state of commercial morality to unmask and punish it.

On the results of the French law in checking insolvencies and qualifying the character of those which still occur, the present writer can say but little. Loud complaints have sometimes been

raised against it; but from the fact that it has stood practically unaltered since 1838, a period of more than forty years, it would seem fair to infer that it has generally been found to work satisfactorily.

## 2.—GERMANY.

The bankruptcy system in Germany is carried on under the Bankruptcy Regulation Law which came into effect on the 1st October, 1879. We shall arrange what we wish to note concerning it under five heads.

### 1. *The commencement of Bankruptcy proceedings.*

The commencement of the bankruptcy proceedings presumes inability to pay on the part of the debtor; this inability is specially to be presumed where suspension of payments has happened. Proceedings can only be commenced upon a duly made application, which either the *debtor* or *any creditor* is entitled to make. When the debtor applies, he must file at the office of the Court a list of his creditors and debtors, as well as a summary of the state of his property at the time of his making the application. When the creditor applies, he must prove his debt, and the debtor's inability to pay; upon which the Court, after hearing the debtor in answer to the charge, makes the order commencing proceedings (94-97). (The figures refer to the paragraphs of the Statute.)

At the commencement of proceedings the Court appoints an administrator, directs a time, not to exceed one month, within which a resolution nominating an administrator must be passed by creditors; directs a time also for the appointment of a creditors' committee; grants the general order of restraint and seizure; determines the time of notice, and the general time within which proofs have to be sent in (102).

The debtor is compelled to furnish to the administrator, to the committee of creditors, and, when ordered by the Court, to the Court all information as to the position of business transactions entered into by him. The Court may also, for the purpose of obtaining information in all matters before it, order the production of any evidence required, especially that of witnesses and experts (67).

### 2. *The Administration of the Estate: Realization and Distribution.*

The first appointment of the administrator (or where there are different branches of business demanding it, administrators) rests with the Court, who may require him to give security (70).

The creditors, however, in their meetings subsequently held may elect another person to the office, subject to the Court's approval.



The administrator is under the supervision of the Bankruptcy Court.

His compensation is fixed by the Court.

He must give information when required to the committee of the creditors, permit them to examine his papers and books, and to audit his cash balances. Once every month at least his cash balances must be verified by a member of the committee (80).

At the close of the insolvency he must submit his final accounts to the creditors in general meeting, and these accounts, with all supplemental papers, including the remarks of the committee of creditors, must be deposited at the Registry Office of the Court, at least three days before the time appointed for the holding of such meeting, for the inspection of those concerned. The debtor, or any creditor, or the successor of the administrator is entitled to take objection to these accounts (78).

The administrator determines the time when to make a partial distribution, declare a partial dividend, and, when a creditors' committee has been appointed, such committee, on the application of the administrator, determines the percentage or dividend to be paid (147).

As soon as the realization of the bankrupt estate has been effected, the final distribution must take place, and this final distribution needs the sanction of the Court (149).

### *3. Compulsory Arrangement.*

The German Law provides for what it terms "Compulsory Arrangement" between the debtor and the creditors, under the following amongst other conditions :

It is necessary that the majority of the creditors entitled to vote shall individually agree to accept the compromise or arrangement, and the total amount of claims of assenting creditors must equal *three-fourths* of the total sum of all claims entitling creditors to vote; and the arrangement also requires to be sanctioned by the Court, which gives judgment after hearing the creditors, the administrator, and the creditors' committee (169, 170).

Where the proposal for arrangement is not refused (by the Court on grounds of the law having been broken by the debtor, either by fraudulent bankruptcy, or by his not having fulfilled the conditions laid down for the regulation of such arrangements) the creditors' committee decides as to the acceptability of the proposal and if their decision is adverse, it is final (164).

A copy of the proposal and the creditors' assents must be deposited at the registry of the Court for inspection of those interested (165).

So far as a compulsory arrangement and agreement does not provide otherwise, the debtor is reinstated in the free exercise of his rights over the assets of the estate.

#### 4. *Close of Bankruptcy.*

The proceedings in bankruptcy are closed on application of the debtor, upon his producing, after the time of notification has expired, the written concurrence of all the creditors in the bankruptcy who have given notice of claims. This application must be publicly announced and must be lodged at the office of the Bankruptcy Court for the inspection of the creditors. Any creditor may oppose, and the Court, in determining, hears first the debtor and the administrator. *Only in case of difference between these* does it hear the opposing creditor.

The free disposal of the bankrupt estate reverts to the debtor; and upon the annulment of bankruptcy proceedings, creditors who have not been paid in full may enforce their claims against the debtor (152).

#### 5. *Penal Provisions.*

The *penal* provisions are, briefly, as follows :—

Bankrupts are punishable for fraudulent bankruptcy, whenever, with the view of injuring their creditors, they have fraudulently done the following things :—

1. Concealed or abstracted property.
2. Entered into any fictitious transactions.
3. Failed to keep proper books.
4. Destroyed or concealed, kept carelessly, or falsely altered their business books with a view to prevent insight into the true position of their affairs.

In these cases, where there are mitigating circumstances, imprisonment for not less than three months is inflicted (209).

Bankrupts are punishable for ordinary bankruptcy with two years imprisonment, whenever they have—

1. By excessive expenditure, or by gambling or speculation, lost excessive sums of money, or have become indebted through such losses.
2. Whenever they have omitted to keep trade books, or dealt with them improperly; or
3. Have omitted to make up a balance-sheet at the periods required by law (210).

Like penalties are dealt out to debtors, who knowing themselves insolvent give fraudulent preference to any of their creditors (Sec. 211); and the creditors also who accept such an inducement to vote in any particular manner.

The same elements which we have observed in the French law appear again here, slightly altered in form. There is the same prominence of the “official,” and even more, for the administrator who manages the realisation and distribution of the estate, is the appointee of the Court. The creditors do not select him, though

their chosen committee act with and advise with him. The same close supervision is exercised over the administration; there are powers to creditors to have information from the administrator, there is an audit at stated and frequent intervals, and a report from him on occasions named by the creditors. A far more exacting treatment is dealt out to the debtor than in the present English law. Except by payment in full, or under "compulsory arrangement," there is no release of the bankrupt, and the compulsory arrangement is only allowed after the case has been completely laid before the Court, and its decision given in approval of it. The penal provisions are strict and severe, and extend to the debtor's private expenditure, and his regularity in the book-keeping of his business. There seems no opening left for fraud on the part of debtor or administering trustee to escape its due punishment.

#### *United States of America.*

Of the American bankrupt law there is little that needs to be noted for comparison with the law in England,—the English law having been followed there in very many of the most important particulars. The following are some of the provisions of the last Act of Congress.

1. Original *jurisdiction* of the proceedings is possessed by the United States district courts, but Registrars in Bankruptcy are appointed by whom the greater part of the business is transacted. Contested issues are adjourned by the Registrars for hearing in Court, and the debtor who disputes the allegations of the creditors against him may demand trial by jury.

2. There are *voluntary* provisions under which the debtor may petition to have his affairs wound up, and himself discharged from his liabilities under bankruptcy; and *insolvency* provisions under which the creditors become petitioners when they believe an act of bankruptcy has been committed. The acts of bankruptcy are very similar to those specified in English law.

3. In the *distribution* of the estate the following demands are preferred:—1. The costs of the proceedings; 2, all demands owing to the United States; 3, all demands owing to the State in which the proceedings are had; 4, wages (to an amount not exceeding \$50 for labour performed during six months immediately preceding); 5, all other debts entitled to priority by law of the United States.

4. The assignment under the Act carries to the assignee all the estate of the bankrupt, and dissolves all attachments of any of the property made on mesne process within four months previous to the commencement of the proceedings.

5. A *discharge* is granted to the bankrupt as a matter of course unless he has been guilty of some act forbidden by the statute, of some fraud upon creditors, or has lost property by gambling, &c. ;

but in cases commenced a year after the passing of the Act no discharge was to be granted unless the assets paid 50 per cent. of the debts, or a majority in number and value of the creditors give their consent; and in the case of a second bankruptcy no discharge is granted unless 70 per cent. has been paid, or the consent of three-fourths of the creditors is obtained, if the debts of the previous bankruptcy have not been paid or released.

6. The following acts bring the bankrupt under the *criminal* law :—"Concealing property belonging to his estate; concealing, destroying, or altering books or papers, with fraudulent intent; making fraudulent preferences; spending any part of his property in gaming; giving an incomplete account of his property in the schedule; failing to disclose knowledge of fraudulent claims against the estate; creating fictitious losses or expenses; obtaining fraudulent credit within three months before commencement of proceedings and with intent to defraud creditors; making disposition of property bought on credit and not paid for, otherwise than by *bond fide* transactions in the ordinary way of his business, within three months before the insolvency proceedings commence.

7. No discharge is available as against any debt created by the fraud or embezzlement of the debtor, or by his defalcation as a public officer, or while acting in any judicial capacity.—(*vide* Ripley & Dana's "American Cyclopædia," &c.)

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## THE NATIONAL DEBT ACT, 1881.

THIS Act, the full text of which is subjoined, enables the Chancellor of the Exchequer to initiate the operations for the reduction of the National Debt which he proposes to base upon the resources that will be available for the purpose in consequence of the expiry of Terminable Annuities in 1885.\*

Provision is made for the payment of £7,750,000 Exchequer Bonds, at present held by the National Debt Commissioners on account of Trustee and Post Office Savings Banks, and for the creation of perpetual annuities of equivalent capital value: such perpetual annuities being defined to be £3. 10s. per cent. bank annuities, £3 per cent. consolidated bank annuities, £3 per cent. reduced bank annuities, new 3 per cent. bank annuities, or £2. 10s. per cent. bank annuities. Provision is likewise made for a sinking fund of £1 per cent. for four years, and of £3. 4s. 4d. per cent. for a further period of twenty-one years on the nominal capital amount of the perpetual annuities created. Such sinking fund to be applied as if it were part of the new sinking fund under the Act 38 and 39 Vict., c. 45. Neither the perpetual annuities nor the sinking fund are to be paid out of the permanent annual charge of the National Debt.

An opportunity is thus afforded to create a further considerable amount of £2. 10s. per cent. bank annuities, which, at the present price, can be placed at a lower rate of interest than a 3 per cent. stock. Such a further creation would undoubtedly make the stock more marketable, and afford a better test than can be obtained with the present limited amount of the relative price that might fairly be expected to be established for it as compared with the 3 per cent. stocks.

### NATIONAL DEBT ACT, 1881.

44 & 45 VICT., CH. 55.

*An Act to make further provision respecting the National Debt and the Investment of Moneys in the hands of the National Debt Commissioners on account of Savings Banks and otherwise.*

22nd August, 1881.

WHEREAS it is expedient to make further provision respecting the securities held by the National Debt Commissioners :

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\* An extract from the Treasury Minute, dated 23rd July, 1881, relating to Mr. Gladstone's proposal for creating a Terminable Annuity to extinguish £60,000,000 of debt is also appended. Time, however, did not allow of the Bill carrying this into effect being passed during the late Session.

Be it therefore enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows :

*Short Title.*

1. This Act may be cited as the National Debt Act, 1881.

*Conversion of Exchequer Bonds into Permanent Annuities with Sinking Fund.*

2. (1.) The Treasury may pay off any Exchequer bonds held at the passing of this Act by the National Debt Commissioners on account of Trustee and Post Office Savings Banks, not exceeding in the whole seven million seven hundred and fifty thousand pounds by the creation as from the day on which each such bond falls due, of perpetual annuities of equivalent capital value, and the day on which each such bond falls due shall be for the purposes of this Act the date of the creation of such annuities.

(2.) During twenty-five years from the date of the creation of any perpetual annuities in pursuance of this section there shall be charged on and paid out of the Consolidated Fund as a Sinking Fund for such perpetual annuities an annual sum for the first four years of one pound, and afterwards of three pounds four shillings and fourpence for every hundred pounds of the nominal capital amount of perpetual annuities created, and such sum shall be paid to the National Debt Commissioners and shall be applied by them as if it were part of the new sinking fund under the Sinking Fund Act, 1875.

(3.) The perpetual annuities created under this section shall be charged on the Consolidated Fund, but the said annuities during the twenty-five years above-mentioned, and the sinking fund under this section shall not be paid out of the permanent annual charge of the National Debt.

(4.) This section shall apply to Exchequer bonds falling due in the month of August, one thousand eight hundred and eighty-one, either before or after the passing of this Act.

*Supplemental Provisions as to creation of Annuities.*

3. For the purposes of this Act the following provisions shall have effect :

- (1.) The annuities shall be created by a warrant from the Treasury to the Bank of England directing them to inscribe in their books, as from the date of creation specified in the warrant, perpetual annuities of the amount and description mentioned in the warrant.

- (2.) The said amount shall be certified to the Treasury by the National Debt Commissioners under the hands of the Comptroller-General or Assistant-Comptroller and of the Actuary of the National Debt Office.
- (3.) The equivalent capital value of perpetual annuities shall be calculated at the average price of the day as certified by the Bank of England on the date of creation, but if no price of stock is recorded on the date of creation, the price certified on the day nearest preceding shall be adopted.
- (4.) The perpetual annuities created in pursuance of this Act shall be consolidated with other perpetual annuities of the same description and payable at the same date, and shall be transferable in the books of the Bank of England in like manner as the annuities with which they are consolidated, and shall be subject to the enactments relating to those annuities so far as is consistent with the tenour of those enactments; but nothing in this section shall make section \* sixty-nine of the National Debt Act, 1870, apply to any annuities created in pursuance of this Act.

*Treasury Warrants to be Authority for Bank of England.*

4. The warrants of the Treasury issued in pursuance of this Act shall be a sufficient authority to the Bank of England for doing the things thereby directed, and copies of such warrants shall be laid before both Houses of Parliament within one month after they are issued if Parliament is then sitting, and if not, within one month after the then next meeting of Parliament.

*Declaration as to 43 & 44 Vict. c. 36 s. 1.*

5. Whereas, in pursuance of the Savings Banks Act, 1880, a

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\* Section sixty-nine of the "National Debt Act" runs thus:—

*Yearly payment to National Debt Commissioners in respect of £2. 10s. per cents.*

In respect of each sum of one hundred and ten pounds of the two pounds ten shillings per centum annuities there shall continue to be paid to the National Debt Commissioners on the fifth day of July in each year until and inclusive of the fifth day of July one thousand eight hundred and ninety-four the sum of five shillings, and so in proportion for any less sum of such annuities.

That yearly sum shall continue to be charged on the Consolidated Fund and to be issued and paid thereout either to the Bank of England or to the Bank of Ireland to the account of the National Debt Commissioners, as those Commissioners from time to time direct, and to be applied towards the reduction of the National Debt as other money paid to them for that purpose is by law applicable.

A separate account shall continue to be kept by the National Debt Commissioners of the application of that yearly sum.

For the purposes of the Acts for regulating the reduction of the National Debt, that yearly sum shall be deemed part of the expenditure of the United Kingdom.

terminable annuity is directed to be inscribed in the books of the Bank of England for the National Debt Commissioners on account of Trustee Savings Banks, for the purpose of paying off the deficiency therein mentioned, and doubts have arisen with respect to the interest on securities in which such annuity is to be invested, and it is expedient to remove such doubts: Be it therefore enacted that—

During the currency of the said annuity, the interest arising from any securities in which the money received in respect of the said annuity, or of any investment of the said annuity is invested, shall for the purpose of the annual account required to be made up by the National Debt Commissioners of the interest arising from securities in their hands be treated as capital and not as interest.

*Definitions.*

6. In this Act, unless the context otherwise requires—

The expression “Treasury” means the Commissioners of Her Majesty’s Treasury:

The expression “National Debt Commissioners” means the Commissioners for the reduction of the National Debt:

The expression “Bank of England” means the Governor and Company of the Bank of England:

The expression “perpetual annuities” means three and a-half per cent. bank annuities, three per cent. consolidated bank annuities, three per cent. reduced bank annuities, new three per cent. bank annuities, or two and a-half per cent. bank annuities.

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*Extract (above referred to) from Copy of TREASURY MINUTE, dated 23rd July, 1881, on the CHANCELLOR OF THE EXCHEQUER’S proposal for the REDUCTION of the NATIONAL DEBT.*

THE First Lord and Chancellor of the Exchequer reminds the Board that, in opening the Budget for the financial year 1881–2, he laid before the House of Commons a scheme for further reducing the Funded Debt. He proposed for that purpose (1) to convert into stock a part of the terminable annuities expiring in 1885, now held by the National Debt Commissioners on account of Savings Banks; and (2) to reconvert this stock into terminable annuities having a currency of 25 years. In other words, he would turn a short annuity having about four years to run into a long annuity having 25 years to run; in doing so he would, of course, diminish the



amount payable during the next ensuing four years out of the "Permanent Charge of the Debt" for terminable annuities, and would secure a margin, which, without imposing at the moment a heavier burthen upon the public, might be appropriated to the creation of fresh terminable annuities, and by means of these annuities he would be enabled to cancel further large amounts of stock.

The following statement will explain the actual operation of the scheme. The Board is aware that the first charge on the Consolidated Fund is a fixed annual sum of £28,800,000, about to be increased to £28,920,000 by a Bill waiting introduction. This sum is set aside to meet the permanent charge of the Public Debt. The terminable annuities now payable by the State under various Acts of Parliament are defrayed from this fixed annual sum. They amounted, on the 31st March, 1881, to £7,107,571. 16s. 8d.

Which may be subdivided thus:—

1. Life annuities and annuities for terms of years ... ..	£1,001,700	14	10
2. Various annuities ... ..	168,890	1	10
3. Fortification annuities ... ..	589,722	0	0
4. Local barrack annuities ... ..	378,831	0	0
5. Annuities in discharge of the recent war deficiencies ... ..	1,350,583	0	0
6. Annuities held by the National Debt Commissioners in lieu of stock cancelled under various Acts ... ..	3,617,845	0	0
	<hr/>		
	£7,107,571	16	8
	<hr/>		

The First Lord and Chancellor does not contemplate interference with any of these classes of annuities except the last. He will ask Parliament to empower him to take from the National Debt Commissioners and cancel £2,000,000 out of the total amount of £3,617,845, composing the sixth head of annuities above mentioned, and to give the National Debt Commissioners in return the equivalent value in 3 per cent. perpetual stock of an annuity of £2,000,000, which has four years to run. This equivalent value will be ascertained by the actuary of the National Debt Office upon the basis on which the annuities of £2,000,000 was granted. He will ask power to convert this stock again into a terminable annuity expiring in 1906. He cannot, of course, foretell the price of stock on the day of conversion, but assuming the price of Consols at 100, an annuity of £459,760 for 25 years would be equivalent to the above annuity of £2,000,000 for four years.

Deducting £459,760 from £2,000,000, he will have a margin of

£1,540,240, by the aid of which he proposes to cancel stock to the amount of £60,000,000.

If the price of stock be 100, an annuity of £3,428,604 will pay off principal and interest of £60,000,000 stock in 25 years. But there will be a saving of interest on that amount of stock cancelled to the extent annually of £1,800,000. And the net increase of charge consequent upon replacing the stock by an annuity will therefore amount to £1,628,604. But Mr. Gladstone has shown above that he has a sum of £1,540,240 in hand. The increase of charge will, therefore, only be £88,364, which will be defrayed out of the margin between the actual charge of the debt and the sum set aside annually as the permanent charge of the debt. The margin in question is known as the New Sinking Fund, and is estimated for the current year at about £180,000.

The First Lord and Chancellor has now shown that he can provide the ways and means for effecting the intended operation, and he has only to state the sources from which he will obtain the £60,000,000 of stock.

He has been in communication with the National Debt Commissioners, who are ready to find £20,000,000 of the amount required, out of stock held on Savings Bank account, and he has satisfied himself that that amount may be provided without risk, as the Commissioners will still have more than £11,000,000 of stock in hand, besides a large amount of other valuable securities, including £7,750,000 Exchequer Bonds, which it is proposed to convert into stock.\* A balance, therefore, will be at their command amply sufficient for their requirements, for it must not be forgotten that they will be yearly receiving back large amounts of principal contained in the annuity, a great part of which will doubtless be invested in stock.

He trusts that Parliament will allow him to take the remainder, or £40,000,000 from the large amount of stock standing in the name of the Chancery Paymaster.

The Chancery Division of the Royal Court of Justice hold, as the Board is aware, a very large amount of securities. Day by day, money and securities are received into Court, and are delivered out of Court. But, with the increase of wealth and population, the business of the Court increases, and the consequence is that the amount of securities in the hands of the Court continually increases.

For the purposes of the scheme Mr. Gladstone confines himself to Government Stocks, and he has to point out that the Court held—

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\* These Exchequer Bonds were converted into Stock by the "National Debt Act, 1881," the full text of which is given in pages 596-599.

	1st October, 1847.	1st October, 1862.	August, 1876.
	£	£	£
Consols .. .. .	35,722,000	39,703,000	47,763,000
Reduced 3 per cents. .. ..	6,861,000	7,270,000	5,673,000
New 3 per cents. .. ..	4,213,000	5,722,000	8,450,000
<b>Total .. .. .</b>	<b>46,796,000</b>	<b>52,695,000</b>	<b>61,886,000</b>

It is therefore clear that, with proper precaution, Parliament may safely employ the Government Stock held on account of the Chancery Division of the Royal Court for a great public object.

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### THE LATE MR. WILLIAM LANGTON.

By the death of Mr. William Langton, which occurred at Ingatestone, Essex, on the 29th September last, the Bankers' Institute has sustained the loss of a Fellow and an earnest supporter.

For nearly half a century Mr. Langton resided in Manchester, where his loss will be especially felt. In August, 1829, he began his connection with Messrs. Heywood's Bank, which was continued to the year 1854, when he accepted the Managing Directorship of the Manchester and Salford Bank, a position which he held until the total loss of sight compelled his resignation of the appointment in October, 1876.

But it is not only with banking institutions that the memory of Mr. Langton will be associated. His labours in connection with the Mechanics' Institute, the Athenæum, the Chetham Society, the Statistical Society of Manchester, and other local societies, are well known to many of the members of this Institute.

Perhaps, however, the strongest evidence of the esteem in which Mr. Langton was universally held is to be found in the testimonial, amounting to nearly £5,000, which was subscribed on his leaving Manchester in 1876, to perpetuate his name in that city by the foundation of the "Langton Fellowship" at the Owens' College, and a Scholarship at the Manchester School of Art.

## INCOME TAX ASSESSMENTS FOR THE YEAR 1879-80.

*Extracts from the Twenty-fourth Report of the COMMISSIONERS of HER  
MAJESTY'S INLAND REVENUE.*

THE *gross* annual values of property and profits included in the income-tax assessments under each schedule, and the *net* annual values charged with duty in the United Kingdom for the year ended 5th April, 1880, as compared with the gross and net values respectively in the assessments for the year 1878-9, were as follows ; viz. :—

## COMPARE OF GROSS ASSESSMENTS.

—	1878-9.	1879-80.	Increase.	Decrease.
	£	£	£	£
Schedule A .. ..	180,037,896	185,377,770	5,339,874	—
„ B .. ..	69,140,132	69,383,066	242,934	—
„ C (net) .. ..	39,510,310	39,860,483	350,173	—
„ D .. ..	257,370,699	249,489,398	—	7,881,301
„ E .. ..	31,987,260	32,786,184	798,924	—
	578,046,297	576,896,901	6,731,905	7,881,301
		Net decrease ..	£1,149,396	

## COMPARE OF NET ASSESSMENTS.

—	1878-9.	1879-80.	Increase.	Decrease.
	£	£	£	£
Schedule A .. ..	165,116,425	170,187,031	5,070,606	—
„ B .. ..	35,178,934	34,465,770	—	713,164
„ C .. ..	39,510,310	39,860,483	350,173	—
„ D .. ..	225,191,026	215,577,122	—	9,613,904
„ E .. ..	25,429,079	25,986,622	557,543	—
	490,425,774	486,077,028	5,978,322	10,327,068
		Net decrease ..	£4,348,746	

\* \* \* \* \*

## SCHEDULE A.

*Lands, &c., Messuages. Tithes, &c. Manors, &c. Fines. Other Profits from Lands.*

The increase of £5,339,874 in the gross annual value in the assessments under Schedule A for 1879-80 over the gross annual value for 1878-9 was thus distributed :—

						Increase per cent.
England	..	..	..	..	£4,632,051	3·13
Scotland	..	..	..	..	588,116	3·09
Ireland	..	..	..	..	119,707	0·91

The increase in gross annual value under Schedule A for 1879-80, as distributed between the metropolis and the rest of England, Scotland, and Ireland respectively, was as follows :—

—	1878-9.	1879-80.	Increase.
	£	£	£
England : Metropolis .. ..	28,166,866	28,673,470	506,604
Rest of England .. ..	119,764,821	123,880,268	4,125,447
	147,921,687	152,553,738	4,632,051
Scotland .. ..	18,994,329	19,582,445	588,116
Ireland .. ..	13,121,880	13,241,587	119,707
United Kingdom .. ..	180,037,896	185,377,770	5,339,874

These large increases, which were the effect of the new assessments made in 1879-80 outside the metropolitan area, exhibit a marked diminution as compared with the increase at the period when new assessments were last made, viz., in the year 1876-7, when the increases over 1875-6 were as follows; viz. :—

England (metropolis) .. ..	£1,757,000
" (exclusive of metropolis) .. ..	6,434,000
Scotland .. ..	1,119,000
Ireland .. ..	46,000
	<u>£9,356,000</u>

Excluding the metropolis, the total increase under Schedule A for 1879-80, as compared with 1878-9, has been in round figures £4,833,000, or a falling off of £2,764,000 as contrasted with the result of 1876-7 over year 1875-6.

The improvement in value under Schedule A for 1879-80 is mainly in respect of Houses.

\*                      \*                      \*                      \*                      \*

### ASSESSMENTS ON LANDS.

The gross annual value of Lands assessed for 1879-80 exhibits an increase on the assessments for 1878-9 of £283,485, thus distributed :—

—				1878-9.	1879-80.	Increase.	De- crease.
				£	£	£	£
England and Wales	{ Metropolis Valua- tion List in force			188,906	126,152	—	12,754
	{ Rest of England (Poor Rate) ..			51,618,776	51,672,798	154,023	—
Total	..	..	..	51,657,681	51,798,950	141,269	—
Scotland	..	..	..	7,667,629	7,769,303	101,674	—
Ireland ..	..	..	..	9,940,001	9,980,543	40,542	—
United Kingdom	..			69,265,311	69,548,796	283,485	—

Being an increase of 0·27 per cent. in England, of 1·35 per cent. in Scotland, and 0·40 per cent. in Ireland.

The fluctuations in value are due to the re-valuations of property in 1879-80.

\*                      \*                      \*                      \*                      \*

There was a great falling off in the improvement of the value of lands as compared with the prior year of new valuation in 1876-7, when there were increases as contrasted with 1875-6 :—

In England (exclusive of metropolis) of      ... £1,602,000

In Scotland      ...      ...      ...      ...      ...      185,000

While there is a nominal increase of £154,023, as shown by the assessments for England and Wales (exclusive of the metropolis), a considerable decline is really apparent, inasmuch as actual repayments of duty in respect of admitted claims arising out of depreciation of Landed Property or agricultural distress were made to the extent of £7,155, and a further amount of duty of £13,600 has been discharged from assessment as uncollectible for the same causes.

These sums capitalised represent an assessment of £996,240, which, after abating the increase recorded by the assessments of

£154,023, shows an actual decline in the value of lands in England and Wales in 1879-80, as compared with 1878-9, of £842,000.

#### ASSESSMENTS ON HOUSES.

The gross annual value of Houses assessed for 1879-80 exhibits an increase on the assessments for 1878-9 of £5,046,129, thus distributed :—

—				1878-9.	1879-80.	Increase.	De- crease.
				£	£	£	£
England and Wales	{	Metropolis ..		27,895,646	28,399,225	503,579	—
		Rest of England		67,689,490	71,680,192	3,990,702	—
Total .. .. .				95,585,136	100,079,417	4,494,281	—
Scotland ..	..	..	..	11,290,900	11,765,537	474,637	—
Ireland ..	..	..	..	*3,174,311	*3,251,522	77,211	—
United Kingdom ..				110,050,347	115,096,476	5,046,129	—

Being an increase of 4·70 per cent. in England, 4·20 per cent. in Scotland, and 2·43 per cent. in Ireland.

\* \* \* \* \*

#### SCHEDULE D.

##### *Trades and Professions. Particular Properties. Public Companies, &c.*

The gross amount of profits of trades and professions, public companies, railways, gasworks, etc., assessed under Schedule D, for 1879-80, exhibits the following results in comparison with the profits assessed for 1878-9 :—

							Decreases.
England	..	..	..	..	..	..	£6,142,059
Scotland	..	..	..	..	..	..	1,496,961
Ireland	..	..	..	..	..	..	242,281
Decrease, United Kingdom .. .. .							<u>£7,881,301</u>

Being a decrease of 2·78 per cent. in England, 5·62 per cent. in Scotland, and 2·39 per cent. in Ireland.

In *England* the decreases are principally under the following head; viz. :—

					Decrease.	Decrease per cent.
Trades and professions	..	..	..	..	£4,257,000	2·98
Quarries	..	..	..	..	158,000	13·73
Mines	..	..	..	..	2,405,000	26·39
Ironworks	..	..	..	..	146,000	9·60
Public companies	..	..	..	..	42,000	0·21
Railways out of United Kingdom	..	..	..	..	305,000	13·15

\* Including property rated on half-rents.

On the other hand, there are increases under the following heads; viz. :—

	Increase.	Increase per cent.
Gasworks .. .. .	£181,000	5·12
Waterworks .. .. .	119,000	5·74
*Fishings and shootings .. .. .	29,000	20·14
Canals .. .. .	49,000	1·85
Railways in the United Kingdom ..	554,000	2·27
Interest paid out of rates, etc. ..	208,000	6·13
Salt springs .. .. .	28,000	26·59

In *Scotland* there are decreases in the assessments on—

	Decrease.	Decrease. per Cent.
Trades and professions .. .. .	£1,152,000	6·80
Mines .. .. .	180,000	18·80
Ironworks .. .. .	67,000	16·28
Railways in the United Kingdom ..	126,000	3·73
Quarries .. .. .	43,000	23·98

There are increases under the following heads; viz. :—

	Increase.	Decrease. per cent.
Interest paid out of rates, etc. .. ..	£44,000	16·84
Railways out of the United Kingdom ..	10,000	19·92

In *Ireland* there are increases in the assessments on—

	Increase.	Increase. per cent.
Gasworks .. .. .	£22,000	12·86
Canals .. .. .	7,000	6·78

And decreases in the assessments on—

	Decrease.	Decrease. per cent.
Trades and professions .. .. .	£133,000	1·86
Quarries .. .. .	6,000	20·80
Fishings .. .. .	5,000	10·10
Public companies .. .. .	37,000	4·10
Foreign securities .. .. .	10,000	12·37
Railways in the United Kingdom ..	18,000	1·41
Interest out of rates .. .. .	58,000	20·70
Other profits .. .. .	10,000	40·74
* .. .. .	*	*

### SCHEDULE E.

#### *Salaries, &c.*

The gross amount of salaries assessed for 1879-80 shows an increase of £798,924 as compared with 1878-9; the number of persons assessed for 1878-9 was 159,355, and that for 1879-80 being 162,656 there was an increase of 3,301.

\*                      \*                      \*                      \*                      \*

#### ABATEMENTS AND ALLOWANCES.

The number of persons who in the year 1879 claimed the abatement of £120 as having an income under £400 per annum . . . was 367,723, and the amount of income relieved from tax by such allowance was £43,209,373.

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\* The apparent increase of value of fishings and shootings is due to the separate enumeration of these items in consequence of separate ratings for Poor Rates which used not to be made



## STATISTICS OF THE INCOME TAX

000 omitted, the

YEAR.	REMARKS.	Rate of Tax in the £.		Gross Amount of Property and Profits assessed.					
		Incomes of £100 and upwards.	Incomes of £100 and under £100.	Schedules.					
				A.	B.	C.	D.	E.	Total.
1842-43	5 & 6 Vict. c. 35. (22nd June, 1842).—Assessments A. and B. and Composition Assessments under D. for three years. Incomes under 150l. exempt.	d.	d.	£	£	£	£	£	£
		7	—	95,285	46,769	27,909	71,831	9,719	251,612
1843-44		7	—	94,517	45,661	27,340	65,029	11,282	243,829
1844-45		7	—	95,300	46,329	26,501	65,095	11,072	244,297
1845-46	8 Vict. c. 4. (5th April, 1845).—New Assessments A. and B. and Composition Assessments under D. for three years. Incomes under 150l. exempt.	7	—	98,459	47,171	25,585	70,292	11,454	252,961
1846-47		7	—	99,667	46,649	26,805	70,577	11,723	254,821
1847-48		7	—	101,444	46,718	26,133	70,192	11,926	256,413
1848-49	11 Vict. c. 8. (13th April, 1848).—New Assessments A. and B. and Composition Assessments under D. for three years. Incomes under 150l. exempt.	7	—	105,253	48,164	26,447	67,061	12,289	259,214
1849-50		7	—	105,025	48,102	26,811	64,934	11,759	256,631
1850-51		7	—	105,529	48,017	26,435	65,717	11,694	257,392
1851-52	14 Vic. c. 12 (5th June, 1851).—New Assessment A. and B. Incomes under 150l. exempt.	7	—	105,839	46,681	26,352	69,078	11,540	259,490
1852-53	15 Vict. c. 20. (29th May, 1852).—Assessment A. and B. continued.	7	—	107,202	46,656	26,798	70,098	11,681	262,375
1853-54	16 & 17 Vict. c. 84. (28th June, 1853).—Tax extended to Ireland. New Assessment A. and B. for four years. Net produce 541,000l., or per penny 79,000l. Net produce of Tax on Incomes of 100l. and under 150l. = 301,000l., or per penny 60,000l.	7	5	122,989	49,539	28,285	93,023	14,446	308,282
55 1854-55	17 Vict. c. 24. (16th June, 1854).—Increase of Duty on account of Russia.	1,2	10	124,872	49,396	27,326	91,280	15,265	308,139

Great Britain only.

SINCE ITS RE-IMPOSITION IN 1842.

£95,284=£95,284,000.

Net Amount of Property and Profits charged to Duty.						Total Duty charged	Net Produce, after allowing for Sums included in Schedules of Discharge and Default, and of Discount, Repayments, and Allowances in the following Year,		Receipts, in addition to the foregoing, for Duty unassessed, and of recoveries from Default Schedules of prior years.	Year.
Schedules.							Total.	For each Penny of Tax.		
A.	B.	C.	D.	E.	Total.					
£ 85,722	£ 24,071	£ 27,874	£ 57,668	£ 9,538	Great Britain only. £ 204,868 201,038 199,850 207,411 209,895 211,316 210,347 207,924 208,475 211,350 214,057	£ 5,607	£ 5,405	£ 772	£ —	1842-
84,745	23,586	27,281	54,224	11,202		5,504	5,260	751	—	1843-4
85,146	23,289	26,328	54,129	10,958		5,478	5,245	749	—	1844-45
88,666	23,609	25,580	58,288	11,318		5,710	5,496	785	—	1845-46
89,299	22,989	25,941	60,107	11,559		5,790	5,589	798	—	1846-47
90,966	22,942	26,089	59,511	11,807		5,884	5,667	795	—	1847-48
94,423	23,467	26,391	53,983	12,063		5,792	5,583	790	1	1848-49
93,523	23,115	26,268	53,429	11,594		5,729	5,474	782	—	1849-50
93,456	22,721	26,384	54,526	11,888		5,754	5,508	786	1	1850-51
94,875	21,905	26,319	56,878	11,373		5,846	5,593	799	1	1851-52
95,577	21,561	26,793	58,645	11,481	5,931	5,667	809	2	1852-53	
114,241	30,393	28,285	79,567	14,238	266,724	7,215	6,888	1,004	10	1853-54
115,524	30,140	27,326	79,689	15,029	267,708	14,358	13,683	998	18	1854-55

Great Britain only.

## STATISTICS OF THE INCOME TAX

000 omitted, the

YEAR.	REMARKS.	Rate of Tax in the £.		Gross Amount of Property and Profits assessed.					
		Incomes of £150 and upwards.	Incomes of £100 and under £150.	Schedules.					
				A.	B.	C.	D.	E.	Total.
1855-56	18 Vict. c. 20. (25th May, 1855).—Further addition of twopence in £ on account of War with Russia.	d. 1/4	d. 11½	£ 126,529	£ 49,587	£ 25,778	£ 88,201	£ 17,326	£ 307,421
1856-57		1/4	11½	128,099	49,701	26,345	89,199	17,712	313,056
1857-58	20 Vict. c. 6. (21st May, 1857).—New Assessment A. and B. for three years.	7	5	186,614	51,836	29,515	90,839	18,334	327,138
1858-59	16 & 17 Vict. c. 34. (28th June, 1853.)	5	5	137,667	51,699	29,347	90,366	19,048	328,127
1859-60	22 & 23 Vict. c. 18. (18th Aug. 1859).—Additional fourpence.	9	6½	138,951	52,008	29,701	95,439	19,091	335,186
1860-61	23 Vict. c. 14. (3rd April, 1860).—Assessment A. and B. continued, except Railways transferred to Special Commissioners.	10	7	141,664	52,102	27,481	94,740	19,667	335,634
1861-62	24 Vict. c. 20. (12th June, 1861).—New Assessment A. and B.	9	6	148,652	54,301	29,083	99,373	20,336	351,745
1862-63	25 Vict. c. 22. (3rd June, 1862.)	9	6	150,102	54,802	30,652	103,121	20,965	359,442
1863-64	26 Vict. c. 22 (8th June, 1863).—Incomes under 200l. allowed an abatement of 60l. = per penny 60,000l. Incomes under 100l. exempt.	7	7	151,943	54,344	31,529	112,240	21,046	371,102
1864-65	27 Vict. c. 18. (18th May, 1864).—New Assessment A. and B.	6	6	161,397	56,181	32,044	124,075	22,131	395,828
1865-66	28 Vict. c. 30. (26th May, 1865).	4	4	165,615	56,234	33,071	134,439	23,746	412,105
1866-67	29 Vict. c. 36. (11th June, 1866).*	4	4	135,978	56,435	33,640	173,089	23,741	422,883
1867-68	30 Vict. c. 23. (31st May, 1867).†	4 1	4 1	143,071	57,907	33,689	171,848	23,953	430,568
1868-69	31 Vict. c. 2. (7th Dec. 1867) New Assessment A. and B.	6	6	144,376	57,961	34,790	173,054	24,122	434,303
1869-70	31 Vict. c. 23. (29th May, 1868)	6	6	144,376	57,961	34,790	173,054	24,122	434,303
1869-70	32 & 33 Vict. c. 14. (24th June, 1869).	5	5	146,526	58,007	35,701	178,379	26,301	444,914

\* Assessments on quarries, mines, ironworks, fisheries, canals, railways, gasworks, &c., transferred from Schedule A. to Schedule D. from 5th April, 1866, the amount of which was £23,600,000.

† "Gross amount of property and profits assessed," no longer includes, as in years to 5th April, 1867, incomes under £100 and exempt from tax under Schedules D. and E.

SINCE ITS RE-IMPOSITION IN 1842.—Continued.

£95,284=£95,284,000.

Net Amount of Property and Profits charged to Duty.						Total Duty charged	Net Produce, after allowing for Sums included in Schedules of Dis- charge and Default, and of Discount, Repay- ments, and Allowances in the following Year.			Receipts, in addition to the forfeiture for Duty unpaid, and charges from Default and Schedules of prior years.	YEAR.
Schedule.							Total.	For each Penny of Tax.			
A.	B.	C.	D.	E.	Total.						
£	£	£	£	£	£	£	£	£	£		
116,735	30,268	25,778	78,888	17,008	268,677	16,545	15,715	1,001	10	1855-56	
117,957	30,127	28,345	80,247	17,438	274,114	16,915	16,037	1,023	10	1856-57	
127,299	33,044	29,515	84,725	18,111	292,694	7,905	7,466	1,088	13	1857-58	
127,859	32,838	29,347	84,812	18,815	293,666	5,758	5,461	1,092	14	1858-59	
128,758	32,921	29,701	89,001	18,851	299,232	10,424	9,910	1,116	24	1859-60	
131,680	33,128	27,481	86,605	19,451	301,345	11,627	11,057	1,122	11	1860-61	
138,862	35,319	29,083	93,691	20,115	317,070	10,990	10,451	1,161	6	1861-62	
139,555	35,044	30,653	97,997	20,700	323,949	11,248	10,723	1,192	8	1862-63	
110,918	34,410	31,528	100,213	19,627	326,696	9,001	8,526	1,218	5	1863-64	
150,682	35,812	32,045	110,106	20,451	349,096	8,258	7,872	1,312	3	1864-65	
154,119	35,564	33,071	120,148	21,528	364,430	5,763	5,506	1,376	15	1865-66	
124,435	35,556	33,640	158,204	21,692	373,527	5,928	5,649	1,412	13	1866-67	
132,274	37,594	33,689	160,979	22,006	386,542	7,611	7,136	1,427	4	1867-68	
133,478	37,448	34,790	161,594	22,111	389,421	9,244	8,604	1,434	11	1868-69	
134,703	37,301	35,700	166,352	24,172	398,228	7,884	7,867	1,473	13	1869-70	

## STATISTICS OF THE INCOME TAX

000 omitted, thus

YEAR.	REMARKS.	Rate of Tax in the £. Income of £100 and upwards.	Gross Amount of Property and Profits assessed.					
			Schedules.					
			A.	B.	C.	D.	E.	Total.
1870-71	33 & 34 Vict. c. 32. (1st Aug. 1870).— <i>New Assessment A. and B.</i>	d. 4	£ 152,847	£ 59,125	£ 38,118	£ 189,025	£ 26,863	£ 465,473
1871-72	34 Vict. c. 21. (25th May, 1871)	6*	153,818	59,196	38,646	202,905	27,773	482,338
1872-73	35 & 36 Vict. c. 20. (27th June, 1872).— <i>Incomes under 800l. allowed an abatement of 80l.=76,000l. per penny of Tax.</i>	4	155,622	59,246	40,530	228,870	29,539	513,807
1873-74	36 Vict. c. 18. (15th May, 1873).— <i>New Assessment A. and B., except for Metro- polis.</i>	8†	160,282	66,739	41,819	249,878	30,704	549,422
1874-75	37 Vict. c. 16. (8th June, 1874).	2	162,432	66,752	42,389	266,943	32,540	571,056
1875-76	38 Vict. c. 23. (14th June, 1875).	2	164,816	66,806	41,765	271,974	34,044	579,405
1876-77	39 Vict. c. 16. (1st June, 1876).— <i>Incomes under 400l. allowed an abatement of 120l.=180,000l. per penny of Tax. Incomes under 150l. exempt. New Assessment A. and B.</i>	8‡	174,173	69,288	39,968	256,909	30,043	570,331
1877-78	40 Vict. c. 18. (11th June, 1877).	8	177,189	69,172	39,908	260,627	31,495	578,341
1878-79	41 Vict. c. 15. (27th May, 1878).	5	180,038	69,140	39,510	257,371	31,987	578,046
1879-80	42 & 43 Vict. c. 21. (3rd July, 1879).— <i>New Assessment A. and B., except for Metro- polis.</i>	5	185,378	69,383	39,860	249,489	32,786	576,896
1880-81	43 Vict. c. 14. (24th March, 1880).	5						
	43 & 44 Vict. c. 20. (12th August, 1880).	1						

\* First valuation list in the Metropolis under the Act of 32 & 33 Vict. c. 67, came into force on 5th April, 1870.

† "Gross amount of property and profit assessed" from 5th April, 1873, includes exemptions under Schedules A. and B. formerly omitted in Ireland.

‡ Second valuation list in the Metropolis under the Act 32 & 33 Vict. c. 67, came into force on 5th April, 1876, and formed the basis of assessment concurrently with new assessment under A. and B. for rest of the year.

SINCE ITS RE-IMPOSITION IN 1842.—Continued.

£95,284=95,284,000,

Net Amount of Property and Profits charged to Duty.						Total Duty charged	Net Produce, after allowing for Sums included in Schedules of Discharge and Default, and of Discount, Repayments, and allowances in the following year.		Receipts, in addition to the foregoing, for Duty unassessed, and of recoveries from Default and Schedules of prior years.	YEAR.
Schedules.							Total.	For each Penny of Tax.		
A.	B.	C.	D.	E.	Total.					
£	£	£	£	£	£	£	£	£	£	
141,991	88,997	88,118	176,075	24,671	419,952	6,658	6,350	1,587	17	1870-71
142,786	88,723	88,646	189,805	25,892	484,802	10,363	9,902	1,650	23	1871-72
144,084	88,183	40,530	205,726	25,162	458,585	7,232	6,897	1,724	67	1872-73
150,009	88,609	41,819	224,678	25,987	481,002	5,768	5,528	1,842	85	1873-74
151,375	88,252	42,389	239,075	27,169	498,260	3,988	3,888	1,916	57	1874-75
153,475	88,161	41,765	242,264	28,119	508,784	4,082	3,871	1,935	84	1875-76
161,098	86,170	39,968	228,786	24,827	490,844	5,891	5,644	1,881	69	1876-77
162,872	85,489	39,908	229,960	25,869	498,598	5,940	5,684	1,894	42	1877-78
165,116	85,179	39,510	225,191	25,429	490,425	9,824	9,389	1,867	58	1878-79
170,187	84,466	39,860	215,577	25,987	486,077	9,746	*	*	50	1879-80

\* Not yet completely ascertained.

## BANKERS' LICENCES AND BANK NOTES.

The following Returns of the Amount of the Duty for Bankers' Licences and of the Commuted Stamp Duty for Bank Notes received in each Year since 1844, in England, Scotland, and Ireland respectively, have been issued by the Registrar of Bank Returns.

Date.	Duty on Bankers' Licences (a).			Commuted Stamp Duty on Bank Notes.		
	England.	Scotland.	Ireland.	England (b).	Scotland.	Ireland.
	£	£	£	£	£	£
1845 ..	18,540	3,150	930	—	—	12,948
1846 ..	19,080	2,790	930	—	—	14,304
1847 ..	18,480	3,660	720	—	—	14,523
1848 ..	18,570	4,050	720	—	—	11,355
1849 ..	18,210	3,900	720	—	—	16,501 (c)
1850 ..	17,910	4,110	720	—	—	15,082
1851 ..	17,640	4,350	720	—	—	15,761
1852 ..	17,670	4,590	720	—	—	15,497
1853 ..	17,550	4,800	720	—	—	17,187
1854 ..	18,030	5,340	720	—	24 (d)	20,070
1855 ..	17,850	6,240	930	—	607	22,196
1856 ..	18,300	9,690	630	—	2,680	22,293
1857 ..	18,330	11,490	720	—	5,395	23,459
1858 ..	18,270	13,830	540	—	7,685	23,546
1859 ..	18,300	12,120	600	—	9,855	21,798
1860 ..	18,300	11,250	660	—	11,697	24,180
1861 ..	18,480	11,190	750	—	12,083	23,598

1862	...	...	...	18,870	11,220	600	—	13,457	21,538
1863	...	...	...	19,860	11,700	360	—	13,562	19,475
1864	...	...	...	21,330	11,490	750	—	14,058	18,939
1865	...	...	...	21,720	12,210	750	—	14,731	19,641
1866	...	...	...	22,470	13,200	720	—	15,715	21,180
1867	...	...	...	20,610	13,680	720	—	16,352	20,508
1868	...	...	...	20,220	13,740	480	—	17,027	20,392
1869	...	...	...	20,160	14,280	720	—	17,456	22,015
1870	...	...	...	19,860	14,070	480	—	18,216	23,238
1871	...	...	...	19,920	14,310	600	—	20,176	24,138
1872	...	...	...	19,980	14,580	600	—	20,478	26,441
1873	...	...	...	20,790	15,330	600	75,955	21,228	26,822
1874	...	...	...	20,370	16,080	600	75,875	22,583	24,579
1875	...	...	...	21,060	16,830	600	75,677	23,767	23,644
1876	...	...	...	21,090	16,905	600	75,412	24,407	24,966
1877	...	...	...	21,090	17,760	720	75,142	24,641	26,254
1878	...	...	...	20,760	17,910	480	74,809	25,227	25,808
1879	...	...	...	20,700	16,620	720	74,154	23,804	24,217
1880	...	...	...	19,740	17,130	600	71,686	22,645	21,003
1881	...	...	...	20,070	16,260	600	71,386	22,348	21,771

(a) Since the passing of the Act 7 & 8 Vict. c. 32, s. 22, every new place of issue in England requires an additional licence. The Act has been held by a competent Court to apply in Scotland, but, so far, it has not been considered to apply to Ireland, where consequently no Bank is required to take out more than four licences as provided in § Geo. 4, c. 80.

(b) No record was kept in England until recently of the Commuted Stamp Duty on Bank Notes, as distinguished from unstamped Bills of Exchange, and the Returns from the various banks for the years prior to 1873 have been destroyed.

(c) Before the year 1849, the only Irish Bank which paid Commuted Stamp Duty was the Bank of Ireland.

(d) Until 1854 (16 & 17 Vict. c. 63), Bankers in Scotland did not possess the right to compound for Stamp Duties, but after that time they availed themselves of the right gradually.



## QUESTIONS ON POINTS OF PRACTICAL INTEREST.

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THE COUNCIL desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved:—

### *Guarantee for Account.*

QUESTION I.—Brown gives a bank a guarantee for Smith's account for £1,000, which runs:—

“That it shall be a continuing guarantee for the benefit of the said bank, however, for the time being constituted, *until after three months' notice* in writing shall be given by me, my executors, administrators or assigns of determining the same.”

Brown gives notice of withdrawal of his guarantee when Smith owes £500. Is it safe to continue transactions on the account after notice; may the balance be increased; and also will Brown be liable for the whole if it go up to £1,000?

ANSWER: The difficulty in answering this question arises from the ambiguous wording of the guarantee, as quoted; had the words “until after the expiry of three months' notice” been substituted for those printed in italics, Brown would probably be liable to the full extent of his guarantee until the expiry of the notice; but under the existing terms of the guarantee we do not think that Brown would be held liable for any sum in excess of the £500 owed by Smith at the date of Brown's notice of withdrawal. On the contrary, we are of opinion that, after receipt of such notice by the banker, all sums paid in by Smith to his credit should be applied to the reduction of Brown's liability, and that the banker would only pay against such sums at his own risk.

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### *Cancellation of Cheques.*

QUESTION II.—Cheques are usually cancelled by the bank defacing the drawer's signature. Have they any right to do so; ought not the bank to deface their own name and not interfere with that of the drawer?

ANSWER: The practice of cancelling the signature either of the

drawer of a cheque or of the acceptor of a bill when paid by the banker on whom the cheque is drawn or with whom the bill is domiciled is almost universal, and if not laid down as the law, is abundantly recognised as the custom in many decided cases. It is held that "the cancellation of a signature is *prima facie* evidence that the liabilities of the party whose signature is cancelled have been discharged." (See "Chalmers on Bills of Exchange," 2nd Edition, page 211.)

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### *Endorsement of Cheque.*

QUESTION III.—Is a banker compelled to pay a cheque drawn to the order of the "Commercial Mill Co." and endorsed simply—"Commercial Mill Co.," or must the cheque bear an official endorsement?

ANSWER: The endorsement referred to is both irregular and insufficient, and on these grounds a banker would not be bound to pay upon it.

The customary signature of a Company is by one of the officers signing *per pro* of the Company and designating his official position.

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### *Stamp required on Promissory Note.*

QUESTION IV.—Does a promissory note on demand to order, containing a provision for interest, require an *ad valorem* stamp?

ANSWER: All promissory notes, whether payable on demand, or otherwise, require *ad valorem* stamps. 33 & 34 Victoria, c. 97.

The stamp duty is not chargeable on interest secured by a promissory note; see Answer to Question IV., page 503, of the *Journal* for October last, which also applies in this case.

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### *Alteration of Cheque from "Order" to "Bearer" by Initials of one of the Drawers.*

QUESTION V.—Cheques drawn to order by corporate bodies, trustees and others are not unfrequently altered "to bearer" by a secretary or town clerk, who has countersigned, or by one of the drawers placing his initials against the alteration.

If a cheque so altered be misappropriated, do the bankers upon whom it is drawn incur any liability by paying it without receiving from the several drawers their authority to do so under the altered condition of the instrument?

ANSWER: Yes.

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*Husband and Wife Accounts. Death of the Wife. Separate Property.*

**QUESTION VI.**—An account is opened in the name of "A. B.," wife of "J. B.," by the husband's authority. Would not the banker, knowing the money to be the property of the wife in her own right, on her death be justified in holding the balance until letters of administration had been granted?

**ANSWER:** If the money was the *separate* property of the wife, letters of administration must be exhibited before the banker could safely pay over the balance.

If the money was not the *separate* property of the wife, her husband could at any time assume control over the account, either in the case of his wife's death or otherwise.

See also questions and answers under the heading of "Husband and Wife," page 795, Index to Volume I. of this *Journal*.

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*Deposit in Joint Names. Payment to Survivor.*

**QUESTION VII.**—A deposit is made in the joint names of "A. B." and "C. B.," spinsters; withdrawals are to bear both signatures.

In case of the death of either, would a banker be justified in paying the balance to the survivor on her signature alone; or, if a written request signed by both parties were given, instructing the banker, in case of the death of either, to so deal with the balance, would he then be justified in doing so?

**ANSWER:** A banker is not a trustee for his customer, but a debtor to him, and, like any other debtor, may by law safely pay over money due upon a joint account to the survivor in that account.

We think the instructions given to the banker with regard to the signatures to be required in the case of withdrawals do not alter the case, but that either with or without a special request, instructing the banker to pay to the survivor, he would be justified in so doing.

The answer given to Question IV., printed in Volume I., page 427, of the *Journal*, seems also applicable to the present question.

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## NOTES ON RECENT ADDITIONS TO THE LIBRARY.

*The Elements of Economics.* By HENRY DUNNING MACLEOD, M.A.\*  
Two vols. (of which the first only is now published).

The comments which followed the reading by Mr. Macleod before the Institute in March last,† of his interesting paper on a subject which naturally comes within the scope of these volumes, will have afforded proof, if any were needed, that many of the views and definitions put forward will not be accepted without keen criticism. The happy time when definitions can be stated which will satisfy everybody in regard to such subjects as "wealth," "property," and "value," to mention no others, has not yet arrived; nor is this the place to enter into any close examination of the views which are stated with much fulness and great care in this comprehensive manual.

In his preface, Mr. Macleod, after acknowledging the services rendered by previous schools of economists, goes on to say,—“the fact is that the political economy of Adam Smith, Ricardo and Mill, is now exhausted—it is a *caput mortuum* from which no further good can be extracted; it is wholly incapable of grasping the great economic problems of the present day—CREDIT, BANKING and the FOREIGN EXCHANGES.” And further on, he says, in regard to the character of economic contests up to the present time, that “they have been almost wholly destructive.” There are persons who will think that Mr. Macleod himself has shown no little destructive tendency in regard to the reputation of these great authorities.

When Mr. Macleod states that “economic science is the profoundest and most complicated branch of human knowledge,” he places it at once on a level above the reach of any “last words”; but none the less has he done good and valiant service. With learning and ability, which would be looked for in any work by Mr. Macleod, he has stated in terse, clear language, and in a form both striking and simple, a mass of information on the history of the science, the meaning of its terms, and its usages, which every student will find of great value, and which no student can afford to put aside.

\* London, 1881: Longmans, Green and Co.

† “On the Modern Science of Economics.” See the *Institute's Journal*, June, 1881.

## MISCELLANEA.

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**BILLS OF EXCHANGE : BANKRUPTCY LAW REFORM.**—The following resolutions on these subjects were adopted at the special meeting of the Association of Chambers of Commerce of the United Kingdom, held at Plymouth on the 4th and 5th October last :—

### *Bills of Exchange.*

“That a Committee of the Council be appointed to watch the progress of the Bills of Exchange Bill through Parliament, to suggest amendments, or to recommend its reference either to a Select Committee or to a Royal Commission, for the purpose of consolidating and amending the Law on Bills of Exchange, and of establishing, if possible, an international Agreement between the English Law and that of other Commercial Countries.”

### *Bankruptcy Law Reform.*

“That in the opinion of this meeting the Bankruptcy Bill\* of the Association is far preferable in principle to the one brought in by the President of the Board of Trade, and the Executive Council are hereby requested to re-introduce it as early as possible next Session.”

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**BANK OF ENGLAND “LAW COURTS BRANCH.”**—A new branch of the Bank of England, to be called the “Law Courts Branch,” was opened at the Royal Courts of Justice, Strand, on Monday the 3rd of October. This branch has been established at the request and for the convenience of the Chancery and other Government departments of the Courts of Justice ; but it is understood that ordinary banking business will also be transacted on the usual conditions.

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**BANK RATE OF DISCOUNT.**—The Bank of England rate of discount was raised on the 6th October to 5 per cent. from 4 per cent., to which it had been advanced on August 25th.

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\* The provisions of this Bill are frequently referred to in the discussions on “Bankruptcy Reform,” reported in the *Institute's Journal* for April and July, 1880.

**SPOILED STAMPS.**—In order to meet the annual increase in the number of claims for the allowance of spoiled stamps, and to minimise the trouble to the public, the Commissioners of Inland Revenue have afforded the following facilities :—

Claims are received by the Examiner of Spoiled Stamps at Somerset House on every day, except Saturday, between 11 and 3, and on Saturday between 10 and 1; the times hitherto set apart for this purpose having been during two hours on Tuesday, Thursday, and Saturday.

At the City Office, Great Winchester Street Buildings, claims were dealt with on Monday, Wednesday, and Friday between 11 and 2, but it is now open for that purpose on every day, except Saturday, between 11 and 3.

Only stamps of the same value and description as those allowed were formerly issued, but now claimants are permitted to have stamps of any description and value to the amount allowed, arrangements having been recently made whereby the new "unified" 1d. stamps can, when the occasion demands, be issued in lieu of general duties.

Facilities have been given for the more rapid issue of new for spoiled stamps.

The personal attendance of the actual owners of spoiled stamps is now no longer insisted upon; but they are permitted, both in London and in the country, to authorise their clerks in writing to claim on their behalf.

Arrangements are in progress by which the exchange of transfer stamps will be facilitated through the recently appointed Distributor at the Stock Exchange; and stamped marine policies will be issued in the place of spoiled ones through the Telegraph Office at Lloyd's.

In the country the number of Distributors authorised to deal with cases of spoiled stamps was formerly limited to the principal towns, but now all the Distributors throughout England and Wales can receive such claims for transmission to Somerset House.

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**STAMPS, BILLS OF EXCHANGE.**—The net receipt for Stamps on Bills of Exchange and Promissory Notes for the year ended 31st March, 1881, was £740,001, being an increase of £28,655 over the previous year.

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**REGISTRATION OF JOINT STOCK COMPANIES.**—During the year ended 31st March last, 1,378 new companies were registered, of which 1,231 were incorporated in London. This shows an increase on the previous year, when 1,115 companies were registered, of 263,

or 23 per cent. It moreover, shows the largest number of companies registered in any one year since the passing of the Joint Stock Companies Acts.

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**ABOLITION OF DISTINCTIVE STAMPS FOR TELEGRAMS.**—The following notice on this subject was issued by the Postmaster-General on the 24th October:—

“On and after the 1st November, 1881, the issue of distinctive telegraph stamps will be discontinued; and postage stamps of all amounts, including the penny postage and inland revenue stamp, will be available for the payment of telegraph charges. This measure will facilitate the posting of telegrams in letter boxes during the night or where there is no telegraph office within a convenient distance, as telegrams thus posted will be conveyed, without extra charge, at the next collection of letters, to the nearest telegraph office which is open, for the purpose of being transmitted by the wires at the earliest possible moment. In those cases in which difficulty would be experienced in obtaining a printed telegraph message form, ordinary paper may be used. The message may, or may not, at the option of the sender, be enclosed in an envelope, but if an envelope is used it must be marked “Telegram, Immediate.”

The stock of telegraph stamps and stamped telegraph forms in the hands of the public may still be used for telegraph purposes, but not for postage or Inland Revenue payments.

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## WEEKLY RETURNS.

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### CONTENTS.

BANK OF ENGLAND.	CLEARING HOUSE.
BANK OF FRANCE.	AVERAGE PRICE OF WHEAT.
IMPERIAL BANK OF GERMANY.	PRICE OF CONSOLS.
BANK RATES OF DISCOUNT.	" SILVER.
RATES OF EXCHANGE ON LONDON.	" 3% FRENCH RENTES.



## WEEKLY RETURNS.

In £'s sterling 000 omitted, thus—£1,000=£1,000,000.

For the weeks } ending }	1881. Sept. 21.	1881. Sept. 23.	1881. Oct. 5.	1881. Oct. 12.	1881. Oct. 19.	Oct. 20, 1880.
<b>BANK OF ENGLAND.</b>						
<b>ISSUE DEPARTMENT.</b>						
Notes issued .....	£ 38,108	£ 37,945	£ 36,646	£ 36,111	£ 36,178	£ 41,571
Government debt.....	11,015	11,015	11,015	11,015	11,015	11,015
Other securities .....	4,735	4,735	4,735	4,735	4,735	3,985
Gold coin and bullion....	22,358	22,195	20,896	20,361	20,428	26,571
	38,108	37,945	36,646	36,111	36,178	41,571
<b>BANKING DEPARTMENT.</b>						
<b>LIABILITIES.</b>						
Proprietors' capital .....	14,553	14,553	14,553	14,553	14,553	14,553
Rest .....	3,746	3,746	3,060	3,100	3,107	3,076
Public deposits.....	5,402	5,076	9,019	4,696	8,334	4,380
Other deposits .....	25,487	24,962	24,868	26,011	25,488	23,179
Seven day and other bills	266	269	801	284	227	287
Total.....	49,454	48,606	51,801	48,644	46,709	50,475
<b>ASSETS.</b>						
Government securities ..	14,553	14,512	17,611	16,767	14,920	15,365
Other securities .....	21,891	21,585	23,868	21,959	21,442	18,107
Notes .....	12,054	11,635	9,523	9,205	9,513	14,915
Gold and silver coin ....	951	874	799	713	834	1,083
tal.....	49,454	48,606	51,801	48,644	46,709	50,476
Notes in the hands of the public .....	26,054	26,310	27,123	26,906	26,665	26,956
Reserve .....	13,005	12,509	10,322	9,918	10,347	16,003
Proportion of reserve to liabilities (per cent.) ..	41.74	41.20	30.19	32.00	35.61	48.72
Rate of discount .....	4 %	4 %	5 %	5 %	5 %	2½ %
<b>RATES OF EXCHANGE ON LONDON.</b>						
	Sept. 22.	Sept. 29.	Oct. 6.	Oct. 13.	Oct. 20.	Oct. 21, 1880.
Paris, cheque— (par 25f. 22½ c.) .....	25.34	25.34½	25.39½	25.43	25.35	25.34½
Berlin, 8 days— (par 20 m. 43 pf.).....	20.43½	20.39½	20.47½	20.46½	20.44	20.39
New York, 60 days— (par \$4 86 ½ c.).....	4.80½	4.79½	4.78	4.78½	4.79½	4.81½
Calcutta, 4 m/d— (per rupee) .....	1s. 8½d.	1s. 8d.	1s. 8d.	1s. 8½d.	1s. 8½d.	1s. 8½d.

WEEKLY RETURNS—Continued.

In £'s sterling 000 omitted, thus—£1,000 = £1,000,000.

For the weeks } ending }	1881. Sept. 22.	1881. Sept. 29.	1881. Oct. 6.	1881. Oct. 13.	1881. Oct. 20.	Oct. 21, 1880.
<b>BANK OF FRANCE.</b>						
(Converting the Franc at 25 to the £.)						
<b>LIABILITIES.</b>	£	£	£	£	£	£
Public deposits.....	16,988	17,018	15,449	14,598	15,254	8,740
Private deposits.....	16,986	16,581	18,425	18,284	19,568	14,723
Notes in circulation ....	102,099	104,100	105,070	107,288	108,642	93,242
Other items .....	11,835	11,870	12,200	12,248	12,200	12,263
<b>Total .....</b>	<b>147,908</b>	<b>149,569</b>	<b>151,144</b>	<b>152,358</b>	<b>155,664</b>	<b>128,968</b>
<b>ASSETS.</b>						
Gold .....	24,299	24,347	24,288	23,980	23,940	23,228
Silver.....	49,479	49,206	48,881	48,281	47,995	49,958
Bills .....	44,896	47,094	48,082	50,712	53,073	33,877
Advances .....	16,276	16,333	17,312	17,000	17,676	8,589
Other items .....	12,358	12,589	12,631	12,385	12,980	13,376
<b>Total .....</b>	<b>147,908</b>	<b>149,569</b>	<b>151,144</b>	<b>152,358</b>	<b>155,664</b>	<b>128,968</b>
<b>Rate of discount .....</b>	<b>4 %</b>	<b>4 %</b>	<b>4 %</b>	<b>4 %</b>	<b>5 %</b>	<b>3½ %</b>
<b>IMPERIAL BANK OF GERMANY.</b>						
(Converting the Reich-mark at 20 to the £.)						
<b>LIABILITIES.</b>	£	£	£	£	£	£
Notes in circulation.....	86,748	41,929	40,592	38,924	38,858	36,587
Current accounts.....	8,845	9,314	7,744	6,814	6,957	7,376
Other items .....	6,825	6,841	6,842	6,843	6,842	..
<b>ASSETS.</b>						
Coin and bullion .....	26,880	25,759	25,076	25,409	25,407	27,058
Bills and loans .....	21,257	27,919	26,062	23,379	23,008	19,271
Other items .....	4,690	4,857	4,459	4,239	4,226	..
<b>Rate of discount .....</b>	<b>5 %</b>	<b>5 %</b>	<b>5½ %</b>	<b>5½ %</b>	<b>5½ %</b>	<b>4½ %</b>
<b>Clearing-house returns ....</b>						
<b>Average price of wheat ....</b>	<b>51s. 1d.</b>	<b>48s. 5d.</b>	<b>47s. 9d.</b>	<b>46s. 9d.</b>	<b>47s. 1d.</b>	<b>41s. 5d.</b>
<b>Price of consols .....</b>	<b>99½</b>	<b>99½</b>	<b>98½</b>	<b>98½</b>	<b>99</b>	<b>99½</b>
<b>" silver per oz. standrd.</b>	<b>51½</b>	<b>51½</b>	<b>51½</b>	<b>52</b>	<b>51½</b>	<b>52½</b>
<b>3% French Rentes .....</b>	<b>84f. 80c.</b>	<b>84f. 60c.</b>	<b>84f. 27c.</b>	<b>84f. 55c.</b>	<b>83f. 75c.</b>	<b>85f. 75c.</b>



## JOURNAL OF THE INSTITUTE OF BANKERS.

DECEMBER, 1881.

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Sir JOHN LUBBOCK, Bart., M.P., President, in the Chair.

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PROCEEDINGS AT THE INAUGURAL MEETING OF THE FOURTH  
SESSION OF THE INSTITUTE, HELD ON THE 19TH OCTOBER,  
1881.

The Secretary read the report of the Committee appointed by the Council to award the prizes for essays on "*An Outline of Bankruptcy Legislation in England during the Present Century, together with that of some of the Principal Commercial Countries of the World;—with a comparison of the objects sought for and the results obtained.*" As follows:—

"The Committee report that, having carefully examined the two essays placed in their hands, they are unanimously of opinion that the essay bearing the motto 'Lee House' is entitled to the first prize of £20, and that the remaining essay, which bears the motto 'Cui Bono,' is also of sufficient merit to justify the award of the second prize of £10.

The Committee further recommend that the first-mentioned essay be printed in the *Journal*."\*

The sealed envelopes bearing the distinctive mottoes were opened, when it was found that the first prize of £20 had been gained by Mr. William Anderson Steel (Bank of England), an Ordinary Member of the Institute; and that the second prize of £10 had fallen to Mr. Albert Stevenson (Messrs. Brooks & Co.), an Associate of the Institute."

The PRESIDENT presented the prizes to Mr. Steel and Mr. Stevenson, and congratulated them upon their success.

The title of the essay for 1881-82 was announced to be, "*On Possible Improvements in the Practical Details of Banking Business,*

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\* This essay was printed in the November number of the *Journal*.

*directed either to simplify transactions between Bankers and Bankers, or between Bankers and their customers."*

The PRESIDENT then said: Before I call upon Mr. Pownall to read the paper he is good enough to give us, you will, I am sure, be glad to hear, that since we last met the Institute has continued to progress satisfactorily. There has been an increase in both the number of Fellows and in the number of Associates. You will all remember that we anticipated a falling 'off' in the number of Ordinary Members, because it was found necessary to raise the price of the subscription, but that falling off has been much slighter than we expected would be the case. The result is that it is more than made up by the increase in Fellows and Associates, and we begin this Session with an addition of twenty-nine to the strength of the Institute, taking the three classes together. I think, under the circumstances it is a very satisfactory feature. I am happy to say we have also during the current year received £250 more than we did in the corresponding period of last year without our expenses being proportionately increased. That is again a satisfactory feature. Last, but not least, I am also happy to announce to you that we have very excellent papers promised which I trust you will find during the Session to be of considerable interest, and I am sure the one we are to hear to-night will be so. Mr. Pownall deals very largely with statistics, and before I sit down I may just mention one fact supplementing those which Mr. Gladstone and Lord Derby have recently brought forward, showing that the trade of the country is not really in that unfortunate position some of our friends would have us believe. The evidence of the Clearing-house statistics up to the present time is certainly encouraging. You will remember that last year was little behind the largest year since the statistics were published. Last year the total balances for the year were £5,900,000,000 sterling, and if I remember rightly the largest figures before were only £6,000,000,000 sterling, and, therefore, last year's were nearly the largest figures we have had. You must also bear in mind that our year begins in May. Now, at the present moment the figures are:—Total clearing for 1881 to October 12th, £2,828,798,000; total clearing for 1880 to October 12th, £2,499,178,000, showing an increase of £329,620,000 over the corresponding period of last year, and therefore unless there should be some very extraordinary change certainly the year will show a very surprising increase, and I should not be surprised if it amounts to the large sum of £500,000,000 more than last year. So far, therefore, as the results of the London Clearing-house are concerned they go far to bear out the conclusion which the two eminent statesmen draw from other circumstances.

## THE PROPORTIONAL USE OF CREDIT DOCUMENTS AND METALLIC MONEY IN ENGLISH BANKS.

By GEORGE H. POWNALL,

(Of the Manchester and Salford Bank: Hon. Sec. of the Manchester Statistical  
Society: and an Associate of the Institute of Bankers.)

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[Read before the Bankers' Institute, Wednesday 19th October, 1861.]

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My first and grateful duty is to return thanks to those gentlemen who, by their patience in collecting the statistics on which this paper is based, have made it possible for me to lay before you some further facts relating to our Currency and Banking system. Thanks are also due to the Editor of the *Economist* and the *Bankers' Magazine* for the countenance and publicity which he has given to the scheme. I further owe much assistance to Professor Jevons, Sir John Lubbock, Mr. McKewan, of the London and County Bank, Mr. T. R. Wilkinson, General Manager of the Manchester and Salford Bank, Mr. Richard Taylor, the Manager at St. Ann's Street Branch, Mr. Fickus, of Messrs. Williams, Deacon and Co., Mr. Barnett, of Messrs. Glyn, Mills and Co., and to the Secretary of the Bankers' Institute.

I would say distinctly before embarking on the consideration of the subject which we have to discuss, that this is an experimental effort. The absence of returns from some districts, incomplete information from others, and restrictions on the free use of some of the returns, take away any claim to exhaustiveness. At the same time, this is as yet the greatest body of information gathered on the subject.

I must ask your indulgence for the shortcomings of this paper, which I should have hesitated to bring under your notice had I not felt that any effort to add to the sum of information available in discussing currency and banking questions, would meet with a generous consideration at your hands.

A brief sketch of the initial process of this inquiry may be useful. In the first instance, I forwarded to banking offices in the United Kingdom, Ireland, Guernsey, Jersey, and the Isle of Man, 3,189 circulars; that is to say, 3,189 letters, with three addressed in-

closures. Afterwards, I replied to some 420 communications. In Ireland and Scotland the inquiry practically failed. I have, however, to thank Mr. William Gairdner, of the Union Bank of Scotland, for an effort to secure a general response from the Scotch banks.

Some English bankers, from whom I have not received any information, expressed their willingness to take part in a general movement; some, from whom I expected information, withdrew their aid because they had heard that I was receiving only a partial response. I have dwelt on this preliminary stage as elucidating the attitude of a considerable number of bankers. As a result, I should judge that a further effort, influentially supported, would meet with a larger measure of success. This paper is based on returns from 325 places.

To the English nation, success in commerce is as the breath of life. Placed beyond the reach of desolating war, the genius of her people has gone out in the paths of peaceful progress. Her practical intellect has bent its powers to the improvement of the industrial arts. By a slow and imperceptible process of evolution the ruder forms of trade have given place to that complicated mechanism by means of which is carried on the great stream of English commerce. Not by a creative act, but by the force of circumstances, the modern English system of banking has grown and expanded, adjusting itself to meet the varying needs of that great system of trade, of which in terms of money it is the embodiment.

Whether it be the cottons of Lancashire, the woollens of Yorkshire, the iron and the earthenware of Stafford, or the profits of shipping employed in distant seas, it is certain that the ultimate results will pass through the hands of the bankers of the United Kingdom. Here all terms are reduced to a common denominator—money. The incessant play of our national trade is here depicted. As England is the banking centre of the world, so London is the centre of English banking.

Speaking in a broad sense, English banking, from Berwick to Land's End, runs upon common lines. The service performed for the public is of a like character. Whatever variations there may be in the use of coin, notes and credit documents are local variations arising from difference of occupation and from locality. Bankers as a body are to the public what the clearing house is the bankers, an economical mode of disposing of mutual claims. The complicated transactions of the trading community, thus focussed, are disposed of in a few given directions. One of these being by presentation through the London Clearing House. Now every banker by means of a London agent uses the Clearing House.

And this suggests a division of items into two groups.

1st. Presented through London.

2nd. Not presented through London.

As the part of the banker's business investigated in this paper is the merely passive one of clearing off the mutual transactions of traders, the currents of documents set in motion represent the natural flow of trade, and the direction of the currents would indicate much of the trading organization of a district. For example, there is a large and steady flow of credit documents from the Liverpool bankers to Manchester, and a return current from Manchester to Liverpool, showing an intimate trading connection between the two places. This, again, is true of London and the provinces, of the towns and the agricultural places. It is only in recent years that banking has assumed its present wide-spread activity and become in the broadest sense coincident in its operations with English trade. But the weight of some authority is lent to the supposition that such is the case. Sooner or later, it was inevitable that the important evidence which this trade (a condensation and summary of all trades), could give, as to the progress of the national business should be sought for as a desirable mode of testing the trading movements of the community.

The function is essentially modern. Twenty years ago it was not so true of banking, as it is to-day, that it measured English trade. Behind the movements of coin, notes and documents, then, we may look for the strong and swelling stream of British commerce. To watch that stream and its fluctuations must be to the economist and the statesman an occupation of never-failing interest. The subject is of the greatest simplicity. To collect and publish, with a due regard for private interest, the mass of figures which English bankers could give, would attain the end. But we know such a course to-day to be impossible; bankers would not listen to such a suggestion. Some five years ago I pointed out in a paper read before the Manchester Statistical Society this function of banking returns, and recommended their collection and continuous publication as affording an adequate measure of trade. This was, I believe, the first proposal of the kind.

The taking of frequent banking censuses from the bankers books is the true mode of working in this field. But, if this cannot be done, a combined movement to take a single census of actual figures would be of the greatest possible use. The results which would thus easily be obtained are in the present paper sought by a circuitous route by percentages. As the organization of commerce has grown more complex, the community has increasingly learned the value of any well considered means by which it might measure its own progress. That which Bagehot happily called the "science of business" is a steadily growing factor in our commerce. The most acute merchant assists his judgment with the facts which an increasing range of observation over markets places at his command.



In banking there has been a gradual accumulation of facts for some years in the publication of—

- 1st. The Bank of England weekly return ;
- 2nd. The London Clearing House return ;
- 3rd. The Manchester Clearing House return ;
- 4th. The publication of the balance-sheets of the joint-stock banks.

The last, in consequence of the recent great extension of the limited principle to banking companies, is a much more important consideration than at any previous time. The subject is yet in its infancy. Statistics, to be useful, should be continuous, or taken at regular intervals and on the same lines ; otherwise comparison is fallacious. They are simply useful, as they illustrate facts. As showing the possibility of returns based upon actual figures, I may mention that in 171 cases I had furnished to me actual figures, with the dates to which they referred.

The first consideration was to ensure the due inclusion of the main classes of articles coming into the hands of a banker from the public ; the second, to obtain an accurate classification of the modes in which they would afterwards be disposed of. There were many inquiries as to the working of the forms ; it is therefore desirable to make their theory perfectly clear.

In form number one, for the use of country banks, it is assumed that, to obtain an exact measure of the proportional use of coin and credit documents, it is necessary to consider each bank strictly in relation to its own customers. The basis taken is therefore receipts from customers, and their disposal.

The form of disposal is designed to show the channels of distribution along which the documents will subsequently flow :—

1. Local presentation ;
2. Remittance to branches ;
3. Remittance to London ;
4. Remittance to country agents ;
5. Cheques entered to credit of account,

This method avoids duplication. We are concerned with that which a bank receives and has disposed of in one of the named modes. To include articles received from London agents and country correspondents would be to include the same articles twice ; once as received from the public, the second time as received from a remitting bank in whose totals it was already included. The basis is therefore the banker and the public.

Taking the average results from the country banks as a con-

venient standard of comparison, we are able to observe in what particulars difference of locality and occupation is followed by variations in the use of metallic money and credit documents. The average receipts of bank offices in 261 places are grouped in the following table, and the mode of disposal from 259 places is given in the same place :—

**PROPORTIONAL AMOUNTS OF DIFFERENT KINDS OF MONEY AND CREDIT DOCUMENTS RECEIVED BY COUNTRY BANKS IN 261 PLACES.**

Gold (sovereigns and half-sovereigns) .. ..	12·41
Silver (with or without copper) .. ..	2·79
Bank of England notes .. ..	10·16
Country bank-notes .. ..	1·78
Cheques on the same town or district .. ..	26·75
All other cheques and bills .. ..	46·11
	<hr/>
	100·
	<hr/>

**PROPORTIONAL DISPOSAL OF CHEQUES AND BILLS RECEIVED BY 259 COUNTRY BANKS.**

Cheques presented to banks in the same town ..	15·65
Remitted direct to other branches .. ..	20·52
Remittances to London agents :—	
Country cheques .. ..	12·07
Cheques and bills on London .. ..	22·71
Remittances direct to country agents and correspondents .. ..	8·63
Cheques on own bank (not including other branches) entered to credit of account .. ..	20·42
	<hr/>
	100·
	<hr/>

The return exhibits the feature of an average employment of coin exceeding the use of notes. The great industries of the country, agricultural and manufacturing, continuously require coin for the payment of wages. The highest weekly wage being below the value of the lowest English note, this cause is in itself sufficient to sustain the use of metallic money. It is in the gap between the £5 note and the sovereign that the great reason for the use of coin is to be found. In contrasting the English use of coin with the usage of Scotland or the United States, this is a fact which requires to have due consideration given to it. It is no accidental circumstance which determines the continued and costly employment of a large mass of the precious metals in the English currency, but the deliberate choice of the State. A reference to the Scotch returns, which are almost guiltless of coin, will show the English use of

coin to be a compulsory use for wages and retail transactions. The English sovereign and the English bank-note would seem to be rarities in Scotland. The employment of coin in Scotland is thus indicated :—

	Coin.	Notes.
Eight Scotch branch banks .. .. .	2·9	39·15
Edinburgh .. .. .	·55	12·67
Average employment in the United States..	·81	4·06

I am informed that in Scotland when wages amount to twenty shillings they are paid by note, the fractional money over that sum being of course paid in silver. In some instances the practice is to pay the fractional money amounting to ten shillings with a half-sovereign, as being more convenient to the clerk distributing the wages. The returns show practical equality between the use of gold and silver, a useful indication of the small use of metallic money.

I have been so fortunate as to secure some evidence from Dublin and Edinburgh, which, with the London and New York figures, I now contrast :—

	1864.			1881.		
	Coin.	Notes.	Cheques and Bills.	Coin.	Notes.	Cheques and Bills.
*London .....	·6	2·6	96·8	·728	2·039	97·233
New York .....	..	..	..	·28	1·02	98·7
Edinburgh .....	..	..	..	·55	12·67	86·78
Dublin.....	..	..	..	1·57	8·53	89·9

\* The London return is made up from the "Town Counter."

In each of these cases, coin exists in the most fractional form. Notes in the case of London and New York are especially small percentages.

No other set of figures which have come before us more conclusively indicate the direction in which our financial system is developing than these figures drawn from points so far apart. It is in the free development of banking, an economical instrument called into being by the necessities of trade, that the course of the growth of this naturally-selected mode of settlement is to be found.

The use of coin in the United States\* is thus indicated :—

	No. OF BANKS.	RECEIPTS.	PROPORTIONS.			
			Gold Coin. Per cent.	Silver Coin. Per cent.	Paper Currency. Per cent.	Cheques, Drafts, &c. Per cent.
		\$				
New York City ....	48	167,437,769	0·27	0·01	1·02	98·70
Other principal cities ..	187	77,100,716	0·76	0·16	4·71	94·38
Banks elsewhere ..	1,731	40,175,542	2·06	0·77	15·47	81·71
United States..	1,966	284,714,016	0·65	0·16	4·06	95·13

These figures represent the actual receipts of 1,966 banks in the United States on the 30th June in this year.

There is no element of displacement at work to lessen the use of coin in England. But the general development of banking facilities has largely replaced the bank-note by the cheque. In every town and considerable village there is at least one branch bank, thus bringing the trade of the place into direct communication with the great lines of banking communication. In fact, the establishment of a bank in a new district, in a monetary sense, is equal to the opening of a line of railway. It gives channels of communication with the most distant places. Banking accounts, once the privilege of the rich, are now necessary adjuncts in carrying on the business of the smallest trader, whose cheques enable him to pay in the most convenient mode for purchases made in distant markets.

The subject of the spread of branch banking has been largely discussed. Perhaps it may not be without interest to note that the spread of railways, and cheap postal facilities, are among the chief reasons which have created the convenience to the public of a widely developed system of banking communication. Thus illustrating the oft repeated and trite lesson of the influence of improvement in begetting further progress. It is not that the actual amount of notes in circulation has of late years declined, but the trade of the country has, by a process of natural selection, chosen the cheque as a more convenient and economical instrument for the settlement of its transactions. So elaborate and minute is the organisation of the clearing system, that the largest transactions in the world and some of the smallest are by its aid mutually settled without the intervention of money. It has happily been called "Restored

\* See also remarks on United States National Banks, p 673.

barter." There are three great currents in the English monetary system—

Coin,  
Notes,  
Cheques and Bills.

The country returns give some *data* from which to estimate the relative strength of the currents. A division of the return into its natural groups will assist in its discussion.

PROPORTIONAL AMOUNTS OF DIFFERENT KINDS OF MONEY AND CREDIT DOCUMENTS RECEIVED BY BANKS IN

	61 Agri- cultural Places.	Towns, excluding Agricultural Places.	The Metro- politan Area.
Gold (sovereigns and half-sovereigns) ..	8.86	14.07	} 25.218
Silver (with or without copper) ..	1.82	3.24	
Bank of England Notes ..	3.58	13.22	10.982
Country Bank Notes ..	2.92	1.25	00.040
Cheques on the same town or district ..	30.71	24.90	22.494
All other cheques and bills ..	52.11	43.32	41.266
	100.	100.	100.

PROPORTIONAL DISPOSAL OF CHEQUES AND BILLS RECEIVED BY BANKS IN THE ABOVE-MENTIONED DISTRICTS.

Cheques presented to banks in the same town or district ..	12.17	17.34	..
Remitted direct to other branches ..	13.73	23.82	1.75
Remittances to London agents :—			
Country cheques ..	19.57	8.42	11.831
Cheques and bills on London ..	25.74	21.24	76.685
Remittances to country agents and correspondents ..	3.32	11.22	00.527
Cheques on own bank (not including other branches) entered to credit of account ..	25.47	17.96	9.207
	100.	100.	100.

And these groups I take to be—

1. Agricultural,
2. Towns,
3. Metropolitan area,
4. London Clearing Banks.

Considering the groups treated above, we may observe that the agricultural use of coin is greatly below the country average, 15·2 being replaced by 10·68, and in the note column, 12·04 falling to 6·5. The use of cheques and bills rising 10 per cent. above the average, viz., from 72·96 to 82·82. Taking the returns from towns coin increases to 17·31, notes rise to 14·47, cheques and bills fall to 78·22.

There is one steady feature of uniformity, a preponderance of coin over notes. And there is this noticeable feature, that the relative distance between coin and notes is in each case almost the same, thus :—

	Coin.	Notes.	Difference.
Country banks .....	15·2	12·04	3·16
Agricultural .....	10·68	6·5	3·18
Towns .....	17·31	14·47	2·84

The Metropolitan area, that most perplexing of expressions, gives some remarkable results. The return is based upon a sufficient amount of information to render it substantially correct. Coin leaps up to 25·218; notes drop to 11·022. Cheques and Bills, the remaining items, account for 63·760. The great use of coin, the most prominent feature in the returns, derives some corroboration from similar use by banks in the suburbs of Manchester.

In the Manchester suburbs the use of coin is 34·9, notes 19. Cheques and bills 45·11. Although coin is so great an item in the Metropolitan return, notes do not rise with the coin. The indications point to a local business collecting large sums of coin from shopkeepers and distributing it as wages. But these averages require further analysis. The use of gold, shown by the average, would indicate an approximation between the amount of coin and notes in circulation which no previous experience has warranted. The most reliable estimate of the amount of gold coin in circulation places the amount at ... .. £80,000,000  
together with silver coin ... .. 15,000,000

Total ... .. £95,000,00

The authorised circulation, Bank of England and private, we know to be (say £21,000,000). It might well be judged that in the great wage-paying districts, the use of coin would exceed the employment shown in agricultural places where the pulsation of trade beats more slowly. The statistics from districts in which a great

staple trade employs the population brings out the full force of this consideration. I have accordingly prepared tables embracing five districts in which a staple trade exists so as to bring the fullest light of information to bear upon the point.

PROPORTIONAL RECEIPTS OF COIN AND DOCUMENTS.

Receipts.	Cotton Trade.	Woollen Trade.	Iron Trade.	Pottery Trade.	Silk Trade.
Gold .....	15.5	14.18	18.44	17.18	14.36
Silver .....	4.48	3.92	4.49	4.06	4.53
Bank of England notes .....	18.38	10.24	8.49	6.53	14.12
County bank notes .....	.08	2.78	.65	.36	1.25
Cheques in the same district ..	24.53	8.	17.89	21.93	23.61
All other cheques and bills ..	37.03	60.88	50.04	49.94	42.13
Total.....	100.00	100.00	100.00	100.00	100.00

PROPORTIONAL DISPOSAL OF CHEQUES AND BILLS.

Mode of Disposal.					
Cheques presented to banks in the same town or district....	15.96	14.52	21.27	11.76	7.13
Remitted to branches .....	31.6	5.28	16.71	24.39	32.39
Remitted to London agents:—					
Country cheques .....	6.18	18.90	11.58	9.61	13.87
Cheques and bills on London	12.54	45.35	29.92	20.63	15.66
Remittances direct to country agents .....	13.81	8.16	10.57	13.36	7.31
Cheques on own bank not including other branches, entered to credit .....	19.91	7.79	9.95	20.25	23.64
Total.....	100.00	100.00	100.00	100.00	100.00

Coin is in all the tables above the average, its employment for wages accounting for the excess. Many of the returns on which this paper is founded are from one of two banks in a town; in those cases I have felt constrained to sink the figures in an average. Wherever it has been possible, through an express permission, or through the receipt of several returns from the same town, I have given a return for the town, but I have thought it wiser to do

this without any allusion to the name of the bankers to whom I am indebted for information.

Time will not permit of an extended discussion of more than a limited number of the points which suggest themselves as topics for consideration, I have therefore thought it desirable to take a representative case, and for the discussion of country banking I have chosen the Manchester Clearing District.

1st. Because I have some personal acquaintance with its working, and can the more easily argue from its lessons.

2nd. There has been a continuous publication of the clearing totals.

3rd. There exists some slight information relating to a former date which gives the means of comparison.

We have so far seen the average country use of coin and notes, and the variations between the usage of agricultural as compared with manufacturing districts.

**PROPORTIONAL AMOUNTS OF DIFFERENT KINDS OF MONEY AND CREDIT DOCUMENTS RECEIVED BY**

	Seven Clearing Banks in the City of Manchester.	Branch Banks in the Suburbs of Manchester.	Banks using the Manchester Clearing House including the City and Suburbs.
Gold (sovereigns and half sovereigns) ..	5·	26·6	15·97
Silver (with or without coppers) .. ..	1·1	8·3	4·55
Bank of England notes .. ..	13·8	18·8	16·04
Country bank notes .. ..	·1	·2	·17
Cheques on the same town or district ..	37·4	25·8	28·5
All other cheques and bills .. ..	42·6	20·3	34·77
	100·	100·	100·

**PROPORTIONAL DISPOSAL OF CHEQUES AND BILLS RECEIVED BY THE ABOVE-MENTIONED BANKS.**

	Disposal.		
Cheques presented .. ..	43·5	47·5	34·89
Remitted direct to other branches .. ..	5·1	·9	12·73
Remitted to London agents :—			
Country cheques .. ..	3·7	12·1	7·69
Cheques and bills on London .. ..	34·7	16·2	22·05
Remittances direct to country agents and correspondents .. ..	7·8	9·2	9·86
Cheques on own bank (not including other branches) entered to credit of account ..	5·2	14·1	12·78
	100·	100·	100·



The many phases of English banking growth are thoroughly illustrated by the Manchester clearing area. In Manchester and its suburbs there are 41 bank offices. In the towns and villages of Lancashire, Yorkshire, Cheshire, Derbyshire, Stafford and Shropshire there are 127 branches of the Manchester banks—a total of 168 offices. Mr. Dun and Mr. Newmarch add the banks whose operations are entirely within the same region, but whose seat is in some one of the smaller towns within the district. This addition gives a total of 227 offices. The enormous growth of banking facilities in England is well illustrated by Mr. Newmarch's figures. I have brought them down to the present time and added the Manchester Clearing House figures :—

Offices.						Clearing Returns.
1858	..	..	46	..	..	—
1866	..	..	83	..	..	—
1867	..	..	89	..	..	—
1868	..	..	98	..	..	—
1869	..	..	99	..	..	—
1870	..	..	104	..	..	—
1871	..	..	110	..	..	—
1872	..	..	120	(part year)	..	£32,000,000
1873	..	..	136	..	..	73,000,000
1874	..	..	155	..	..	76,000,000
1875	..	..	164	..	..	81,000,000
1876	..	..	174	..	..	81,000,000
1877	..	..	191	..	..	86,000,000
1878	..	..	207	..	..	86,000,000
1879	..	..	—	..	..	—
1880	..	..	—	..	..	102,000,000
1881	..	..	227	..	..	—

Under the clearing arrangement cheques on all the branches of the various banks, with the exception of the National Provincial, which only clears for Manchester, can be presented through the Clearing House, thus providing for the settlement of claims over a great area. In Liverpool the clearing arrangement extends only to banks in the town, and embraces the transactions of 26 offices. The total of the Liverpool clearing is not recorded. This is the more to be regretted, as there is evidence of the growth of a special literature having for its object the discussion of some economical questions through the evidence afforded by banking statistics. In Birmingham, the natural centre of the Black Country, the Clearing House established some twenty months ago is strictly local, the mutual claims of the banks in the town alone passing through the house. Its organization cannot yet be said to be complete. It is much to be desired that both from Birmingham and Liverpool there may in the future be periodical publication of the clearing figures. The Birmingham clearing has been estimated at some £21,000,000 per annum. Through the courtesy of Mr. Fairley, of the Bank of

England, Newcastle, I publish the figures from the Newcastle local clearing :—

NEWCASTLE-ON-TYNE CLEARING HOUSE RETURNS.

1872	..	..	..	..	..	..	£20,057,000
1873	..	..	..	..	..	..	31,540,000
1874	..	..	..	..	..	..	32,298,000
1875	..	..	..	..	..	..	30,755,000
1876	..	..	..	..	..	..	28,068,000
1877	..	..	..	..	..	..	24,330,000
1878	..	..	..	..	..	..	23,184,000
1879	..	..	..	..	..	..	21,458,000
1880	..	..	..	..	..	..	24,148,000
1881 (six months)	..	..	..	..	..	..	11,890,000

The clearing group, of five banks, in Newcastle has remained the same in constitution during the whole time of the operation of the Clearing House. This gives an especial statistical value to figures which are only influenced by trade and price fluctuations. In common with the rest of England, Newcastle has been passing through a period of depressed prices and bad trade. The influence of price fluctuations is clearly traceable in the fluctuation between the high price years of 1873 '4 and '5, and the low prices and depressed markets of 1879. These figures show how much we could learn by statistics taken on the same lines and at regular intervals.

Taking the cotton area, and contrasting it with the City of Manchester, the use of coins, notes, and documents is as follows :—

	Manchester City.				Cotton Area.	
Coin .. ..	..	6.1	..	..	..	19.98
Notes .. ..	..	13.9	..	..	..	18.46
Cheques and Bills ..	..	80	..	..	..	61.56
		<u>100.00</u>				<u>100.00</u>

Commerce and manufactures are here contrasted with a great wage-paying district. The intimate trading connection between Manchester and the manufacturing districts accounts for the high percentage of notes shown in the Manchester return, as I have found from enquiry, and noticed myself, that the large sums in notes are frequently drawn for the payment of country spinners and manufacturers. The distinction between the city and the district becomes more marked when the distribution of the cheques is considered. In a district spreading over so wide a surface as the Manchester clearing district, it would be expected that a large proportion of cheques would be passed through the local clearing. When it is remembered that there is probably no district in the

whole kingdom, of an equal size, into which so great a variety of occupations is crowded, it becomes easy to see that local presentation will be a large percentage, and the country cheque clearing correspondingly small. In many respects the district is self-contained. The figures run:—

	Manchester.	Cotton Area.
Local clearing, branches, and credit ..	53·8	67·47
Country clearing .. ..	3·7	6·18
London cheques and bills ..	34·7	12·54
Remittances to country agents ..	7·8	13·81
	<u>100·00</u>	<u>100·00</u>

The centre of Lancashire trade becomes clear when these figures are considered. Grouped to show the actual claims on London apart from the mode of presentation, the figures are:—

	Manchester.	Cotton Area.
London cheques and bills .. ..	34·7	12·54

We have seen a high wage percentage of coin, a large percentage of cheques and bills on Manchester, a small percentage of cheques and bills on London. In the returns from the large commercial towns there is a considerable percentage of cheques and bills on London. The common practice of making bills payable on London partially explains this, but whenever it occurs it may be taken as an indication of operations of considerable magnitude. This feature is most noticeable in towns which may claim to be considered centres of districts. Almost all the operations of external trade are settled by payment in London. A few figures will best illustrate this:—

	Cheques and Bills on London						Per cent.
Manchester .. .. .	..	..	..	..	..	..	34·7
Leeds .. .. .	..	..	..	..	..	..	35·
Halifax .. .. .	..	..	..	..	..	..	44·74
Sheffield .. .. .	..	..	..	..	..	..	43·
Birmingham .. .. .	..	..	..	..	..	..	27·1
Hull .. .. .	..	..	..	..	..	..	12·
Leicester .. .. .	..	..	..	..	..	..	26·27
Liverpool .. .. .	..	..	..	..	..	..	18·4
Bradford .. .. .	..	..	..	..	..	..	35·15

The noticeable exceptions are Hull and Liverpool, ports of entry. The connection of Liverpool with the cotton district affords some explanation of this exceptional experience. The set of Liverpool business is towards that great district of which it is the outlet. In the case of the largest manufacturing towns round Manchester this high per-centage of cheques and bills on London is absent.

I have given some figures from unnamed towns in illustration of this.

London Cheques and Bills.						Per cent.
..	..	..	..	..	..	1.1
..	..	..	..	..	..	4.08
..	..	..	..	..	..	8.72
..	..	..	..	..	..	9.07
..	..	..	..	..	..	13
..	..	..	..	..	..	4.92
..	..	..	..	..	..	10.62

London is the financial centre for bales of cotton shipped to Liverpool, for coal exported from Newcastle, for the consignments of Manchester merchants to India. Hence, from the great trading centres there is an endless and incessant stream of documents. In the examples from manufacturing towns the set of the stream is towards a local centre of distribution. It is, then, the commercial element, the distributive factor in English trade, which finally settles its claims in London. This somewhat lengthy examination of Lancashire banking gives us an easily applicable standard to which we may refer in discussing further points in connection with country banking. The classified returns giving details from industrial districts which are introduced at an earlier page of the paper give a good indication of the distribution of the metallic currency. These staple trades give the means of life to large and busy populations. Population, trade and wealth go together. In round numbers, Cumberland, Derby, Durham, Lancaster, Stafford, Yorkshire, Northumberland and Chester divide among them a population of 10,000,000 souls. The use of metallic money we have seen to be high, and it is doubtful if there be any similar massing of metallic money in the kingdom.

It is evident that Manchester is the banking centre of Lancashire, and that the use of metallic money and credit documents in that county will be best understood by a study of the returns furnished by the Manchester clearing area. Whatever we may gather to-day will be valuable as a record of things as they were at a given date, but conditions change with such rapidity, that proportions true to-day may ten years hence be quite altered.

The early evidence respecting the use of coin and credit documents in Manchester is supplied by some figures compiled by Mr. William Langton for Mr. Palgrave, and a further set, compiled at a later date, and furnished by Mr. T. R. Wilkinson to Professor Jevons. These figures read as follows :—

In 1859, cash payments (coin and notes) were—

About 53 per cent. of the whole turnover.

1864	..	..	..	42	..	..	..	..
1872	,	..	..	32	..	..	..	..
1881	..	..	..	20	..	..	..	..

In 1864 the coin was about 8 to 10 per cent., and the notes 90 to 92 per cent., of the total payments in cash.

Taking the average receipts of clearing banks in the city of Manchester at the present time, the proportions are—

Coin	...	...	...	...	...	...	6.1
Notes	...	...	...	...	...	...	13.9

making the coin about 30, and the notes 70 per cent. of the payments in cash. But the ratio of cash and notes to cheques and bills is entirely different to that shown in any of the earlier returns. The use of cheques and bills now rising to 80 per cent. of the total, as compared with 47 per cent. in 1859. As showing some of the causes which in twenty years have so greatly changed the usage of the district, Mr. Newmarch's statement of the number of offices at various dates acquires a new significance. I have introduced returns from the Manchester suburban banks illustrating the business brought into existence by placing banks among small tradesmen, and in close proximity to wage paying works.

Increased facilities have brought their natural result in an economy of the circulation. Where it was formerly a common custom for manufacturers to carry home from Manchester to the out districts large sums in coin and notes, much of the business is now transacted by transfer, the cheques received in Manchester being paid in at one of the banks for credit with a branch. The custom of carrying away considerable sums of money is not yet extinct. The clearing figures, although, as shown by the proportion of coin and notes to cheques and bills, embracing a higher per-centage of the whole turnover than was the case twenty years ago, have not progressed in the same ratio as the number of offices; suggesting two reflections, that the trade of the district has not kept pace with the increased accommodation, and that some of the offices have been placed with a view of dividing old businesses, rather than to cultivate new ground. Nothing can more curiously exemplify the diversities of English banking than the organisation of this district. The widely-spread system of branches draws into the local clearing cheques from towns as far apart as Lancaster and Stafford. Cheques which, in differently organised districts, would find their way to a country agent or through the London clearing, are here Manchester cheques. In fact, cheques on the Manchester and Salford Bank, at Lancaster and the District Bank, Stafford, would be clearing cheques, while cheques on the Lancaster Banking Company, Lancaster, or Lloyd's Bank, Stafford, would be country clearing. Presentation to banks in the same district is therefore not an equivalent term in different cases. Manchester has always been pre-eminent in its distaste for private issues, the faint indication of their existence shown by 0.1 in the receipts comparing almost exactly with a similar trace in the returns from the London clearing banks, and from a

like cause private notes only come in as waifs and strays from other districts, or for collection.

The average tables have shown a preponderating use of coin. In the Manchester returns the conditions are reversed. It is the common experience of the Manchester banks that large amounts of coin which swell the per-centage are drawn from their hands on Friday and Saturday, the wage days; large sums are carried away into out-districts to pay wages, the incurrent being strong at the beginning of the week. Manufacturing recedes further from Manchester by a continuous process. The city is the centre of a busy manufacturing district, but its functions are those of an exchange and mart. Here on exchange days are congregated spinners and manufacturers and representatives of all the attendant trades from all points in the county, to meet their agents, to obtain quotations, to solicit orders, to give instructions, to sell their cloth or yarn, and to receive or make payment of their claims and debts. Briefly put, there is a commercial superstructure showing all the indications of a highly-developed use of credit documents, raised above the wage paying and wage receiving community.

Again referring to the returns from staple trades, the channels of distribution should claim some attention. I have grouped the figures somewhat differently to the arrangement given previously.

	District, including Cheques to Credit and Remittances to Branches.	Country Clearing.	London Cheques and Bills.	Remittances to Country Agents.
Iron .. ..	47.93	11.58	29.92	10.57
Cotton .. ..	67.47	6.18	12.54	13.81
Silk .. ..	63.16	13.87	15.66	7.31
Woollen .. ..	27.59	18.90	45.35	8.16
Pottaries .. ..	56.40	9.61	20.63	13.36
Agricultural .. ..	51.37	19.57	25.74	3.32

This grouping is intended to show the amount cleared off locally. The first column, "District," being constructed on the supposition that cheques within the immediate radius would thus be embraced. The other lines explain themselves.

	District.	Country Agents and Country Clearing.	London Cheques and Bills.
Silk .. ..	47.93	22.15	29.92
Cotton .. ..	67.47	19.99	12.54
Iron .. ..	63.16	21.18	15.66
Woollen .. ..	27.59	27.06	45.35
Pottaries .. ..	56.40	22.89	25.74
Agricultural .. ..	51.37	22.89	25.74

The regrouping conveniently explains the two modes of presenting country claims, the third line showing the average percentage of cheques and bills on London.

District.	Country Agents.	Cheques and Bills on London and Country Clearing.
Silk .. .. 47·93	10·57	41·50
Cotton .. .. 67·47	13·81	18·72
Iron .. .. 63·16	7·31	29·53
Woollen .. .. 27·59	8·16	64·25
Potteries .. .. 56·40	13·36	36·24
Agricultural .. .. 51·37	3·32	45·31

Reduced to a final form, we are able to get an indication of the relative percentage of transactions which the different districts send up for collection in London. To bankers the general tendency of money to collect in London or mass itself in their hands in the provinces is often an important consideration in the conduct of their business. I have therefore introduced this table as possibly of some interest.

	Proportion of Country Business.	Proportion of London Business.
Iron .. ..	70·08	29·92
Cotton .. ..	87·46	12·54
Silk .. ..	84·34	15·66
Woollen .. ..	54·65	45·35
Potteries .. ..	79·37	20·63
Agricultural .. ..	74·26	25·74

This arrangement of the figures shows the relative connection of different districts with the financial centre. The mode of presentation being for this purpose held to be a mere convenience.

The averages are as follows :—

District and Credit. 52·32	Country Clearing and Country Agents. 22·71	London Cheques and Bills. 24·97
District. 52·32	Country Agents. 9·42	London with Country Clearing added. 38·26

We have previously seen by the example of the cotton district that it is the commercial centres which chiefly settle claims in London. An analysis of the average country return gives the following results :—

Average return .. ..	Country. 77·29	London. 22·71
Agricultural return .. ..	74·26	25·74
Town return .. ..	78·76	21·24

The returns repeated in the same order, analyse into—

	District.	Country Clearing and Agents.	London.
Average return ..	56.59	20.70	22.71
Agricultural return ..	51.37	22.89	25.74
Town return ..	59.12	19.64	21.24

	District.	Country Agents.	London and Country Cheque Clearing.
Average return ..	56.59	8.63	34.78
Agricultural return ..	51.37	3.32	45.31
Town Return ..	59.12	11.22	29.66

These figures give useful indications of the relative magnitude of the town and agricultural operations. An analysis of the modes of presentation has shewn an average use of the

London Clearing House of ..	..	..	34.78
Town use ..	..	..	29.66
Agricultural use ..	..	..	45.31

thus made up—

	Country Clearing.	London Cheques and Bills.	
Towns ..	8.42	21.24	= 29.66
Agricultural ..	19.67	25.74	= 45.31

It is a familiar fact that the cheques and bills on London are generally drawn for much larger amounts than the cheques passing through the country clearing. The agricultural returns indicate a general tendency of produce into two nearly equal currents—(1) to London, and (2) to the provinces, a smaller use of country agents, and generally smaller transactions. I must note that the agricultural returns in this paper are mainly from the south and south-east counties. Those from the north denote a much smaller connection with London. Mr. Barnett, in a recently published paper, stated that 25 per cent. of 10,000 cheques passing through the country clearing were for amounts under £5, the average being less than £30.

From this I think it is a safe conclusion that the approximation in amount of the items is an indication of that slower and more placid flow of trade which we know to exist. After writing this it occurred to me to examine the agricultural returns anew. I found that where amounts were given the equality was an equality of small transactions. It is noticeable in the town returns that a



higher percentage of cheques and bills is remitted direct to country agents and correspondents than is passed through the country cheque clearing. This is to be explained by the custom of bankers of presenting cheques for large amounts through their correspondents in the town on which they are drawn, and by the system of agencies, which exist between every large town. In our own case a few large cheques remitted to agents will frequently exceed the day's country clearing. The proportions shown in the town returns are indicative of mercantile activity, the higher percentage of London cheques and bills arising from the presence of transactions of large amount.

Analysis by counties gives the following results :—

			Country.		London.
Chester .. ..	..	..	74·64	..	15·36
Durham .. ..	..	..	86·99	..	13·01
Essex .. ..	..	..	73·57	..	26·43
Huntingdon ..	..	..	83·97	..	16·03
Leicester .. ..	..	..	77·48	..	22·52
Lincoln .. ..	..	..	78·15	..	21·85
Northampton ..	..	..	76·24	..	23·76
Northumberland ..	..	..	87·73	..	12·27
Shropshire .. ..	..	..	72·6	..	27·4
Stafford .. ..	..	..	76·67	..	23·33
Suffolk .. ..	..	..	87·33	..	12·67
Surrey .. ..	..	..	64·45	..	35·55
Yorkshire .. ..	..	..	78·65	..	21·35

I have returns from most of the English counties, but they do not warrant any complete tabulation of county returns. Lancaster I have not taken out as a county, the analysis of the Manchester clearing area and of the cotton district giving the figures with sufficient fulness.

Name.	District.	Country Clearing and Agents.	London.	District.	Country Agents.	London Cheques & Bills and Country Clearing.
Chester ..	63·81	20·83	15·36	63·81	13·01	23·18
Durham ..	67·37	19·62	13·01	67·37	12·22	20·41
Essex ..	50·4	23·17	26·43	50·4	·2	49·4
Hunts ..	37·5	46·47	16·03	37·5	15·47	47·03
Leicester ..	63·25	14·23	22·52	63·25	2·5	34·25
Lincoln ..	58·92	19·23	21·85	58·92	2·03	39·05
Northampton ..	47·56	28·68	23·76	47·56	1·45	50·99
Northumberland	77·90	9·83	12·27	77·90	2·4	20·7
Shropshire ..	55·34	17·26	27·4	55·34	6·2	38·46
Stafford ..	54·68	21·99	23·33	54·68	9·83	35·49
Suffolk ..	63·22	24·11	12·67	63·22	·67	36·11
Surrey ..	41·2	23·25	35·55	41·2	1·6	57·2
Yorkshire ..	48·75	29·9	21·35	48·75	8·42	42·83

Time will not permit of a full analysis and discussion of all the figures. I have grouped them to the best of my ability, so as to allow of a fuller discussion as occasion may arise.

So far I have concerned myself with coin and notes without entering into the question of their subdivision into Bank of England and country, and with the disposal of cheques and bills. We have seen how difference of occupation affects the use of coin, that it is universally higher in wage-paying than in agricultural districts, we have seen how difference of organization, as in the case of the Manchester clearing district, affects the distribution of cheques and bills. The returns give indications of different usages of credit documents by different trades. We have seen that some towns, again illustrating from Manchester, are natural distributive centres, to which the products of the district flow, to be again spread abroad into the markets of the world. I think the various examples given fairly illustrate the subject. But beyond all these there is the natural division of London and country business, a natural division which contains the germ of a measurement of the whole transactions of the country. I now proceed to the London figures.

In approaching the consideration of the London clearing bankers' figures, I desire to look back upon those previous efforts to throw light upon the working of our monetary system which have been made by economists and statisticians in earlier years.

The late Mr. Charles Babbage, in a paper read before the London Statistical Society in 1855, in referring to banking statistics and the transactions of the Clearing House for 1839, of which he had procured the publication, used these words:—

"In the examination of various economical questions it is desirable, if possible, to know the amount of exchanges, as measured by money, which are made daily throughout the whole year. It would be almost impossible to ascertain the exact amount, but even a rough approximation would be valuable."

The impulse given to the study of the evidence afforded by the Clearing House returns, by this admirable paper, has never lost its force.

At the time Mr. Babbage wrote, the "London Clearing" returns were not regularly published. Ten years later, Sir John Lubbock, giving an account of the establishment of the country clearing to the Statistical Society, published some figures drawn from the experience of his own house, as aids in the elucidation of the problem stated by Mr. Babbage. In the same paper he, Sir John Lubbock, suggested the publication of the London Clearing House returns, and expressed regret that as regarding the country clearing he was not in a position to give any information. From time to time there have been references made to the steady and enormous expansion of that channel of banking communication, but we are as yet without the

means of measuring its fluctuations. Seeing that it is a purely trading record, rising and falling with the tide of business, it would afford most useful evidence if the totals could be separately recorded and published. Of the possibility of this I am not able to judge. In his book on "Money and the Mechanism of Exchange," Professor Stanley Jevons suggested the usefulness of an effort to gain information respecting the monetary and banking system of the United Kingdom, and the comparative amount of cheques and bills dealt with in various manners. He also gave (p. 287) a return as furnished to him by one of the principal banks of Manchester. In this field Professor Jevons was the first enquirer. The Clearing House returns are now published, and the balance sheets of the great joint-stock banks are published. Through the labours of Mr. Newmarch, Mr. Palgrave and Mr. Dun, we have extensive and minute calculations respecting the distribution of banks and banking capital. There has been a gradual accumulation of evidence for some years.

I alluded to some further evidence in confirmation of the London clearing bankers' returns. The evidence exists in the figures published by Sir John Lubbock. The table giving the result of the London clearing bankers' returns is somewhat differently drawn from that published by that gentleman, but it is capable of being thrown into a similar form, and for the purposes of comparison I have done this. There is a mutual agreement between the two sets of figures which speaks well for the accuracy of the average return. The variations of increase and decrease, which curiously balance, indicate that within the time since Sir John Lubbock wrote, the proportions of coin, notes and credit documents passing through the hands of the clearing bankers have remained without substantial change. The same is true of the items received from town customers. The time is sufficiently long to have developed the activity of any element of change, and its absence would suggest that, under present conditions, the use of coin and bank notes has reached a minimum.

The evidence from the provinces shews that during the same period the relative use of coin, notes, and credit documents, has undergone a rapid and considerable process of change. It would hardly be fair to press too closely the analysis of items from the earlier return based upon one set of figures, and the present one founded on ten returns; but it is not pressing the comparison too closely to note that the items of decrease are precisely those in which experience supports the notion of decrease, viz., notes of both kinds.

The marked change in country usage, indicated in the Manchester figures, and the refinement of perfection shewn in the minute changes of London usage, alike point in the same direction, to an increasing settlement of debts by clearance, and the broad division

of the elements of settlement into two great currents—gold and cheques.

When I speak of the current as dividing into these two items, I am speaking with reference to the important part that gold necessarily plays in English economics as the wage-paying instrument.

There is a certain grim satire in these figures when one thinks of the libraries filled with blue books full of weighty arguments, all curiously wrought out to help in the settlement of the great note question. It is clear that the cheque and the clearing system are the main lines upon which banking is destined to run. Dead theories respecting notes and the right of issue belong to the generation to which they were living verities. To us the living fact is the substitution of a new instrument of credit. For the present generation the improvement of the cheque and the clearing system, the mechanical details of office organization, those details of book-keeping which save time, are from the enormous number of documents passing through the hands of a banker of more weight than the most learned treatise on notes and note makers. To judge from the figures presented by Sir John Lubbock, the variations in the clearing items passing through the hands of the London bankers must, during the nineteen years which have elapsed since their publication, have been of small extent. On the supposition that the agreement shown between these earlier figures and the returns given by the London clearing bankers indicates stability in the items, I have constructed a table, taking the average clearing as 71 per cent. of the total, showing the probable fluctuations of the amounts passing through the London bankers in the years since the publication of the Clearing House figures.

The possibility of forming some estimate of the total transactions of the country is a subject which, as we have seen, has engaged the thoughts of some of the most eminent of modern statist and economists.

We have seen that all country bankers use the London Clearing House. Now the London clearing figures are published, and bear a definite proportion to the whole turnover of the London banks. What that proportion is we have some evidence to show. In like manner the Clearing House figures will bear a definite, although a much smaller, proportion to the transactions of the country banks.

**PROBABLE TURN OVER OF THE LONDON CLEARING BANKS BASED ON AN AVERAGE CLEARING OF 71 PER CENT.**

1867-8 ..	3,267 ..	4,587	millions.	1874-5 ..	6,013 ..	8,469	millions
1868-9 ..	3,534 ..	4,977	"	1875-6 ..	5,407 ..	7,615	"
1869-70 ..	3,720 ..	5,239	"	1876-7 ..	4,873 ..	6,863	"
1870-1 ..	4,018 ..	5,659	"	1877-80 ..	6,088 ..	8,574	"
1871-2 ..	5,359 ..	7,547	"	1878-9 ..	4,885 ..	6,880	"
1872-3 ..	6,003 ..	8,454	"	1879-8 ..	5,265 ..	7,415	"
1873-4 ..	5,993 ..	8,440	"	1880-1 ..	5,009 ..	7,054	"

# 652 G. H. POWNALL.—On the Proportional Use of Credit

## PROPORTIONAL AMOUNTS OF DIFFERENT KINDS OF MONEY AND CREDIT DOCUMENTS RECEIVED AT THE TOWN COUNTER OF BANKS IN THE CITY OF LONDON.

	Proportional Amounts.
Coin .. .. .	·728
Notes .. .. .	2·039
Drafts .. .. .	97·233
	<u>100·</u>

## PROPORTIONAL AMOUNTS OF DIFFERENT KINDS OF MONEY AND CREDIT DOCUMENTS INCLUDED IN THE AGGREGATE RECEIPTS OF TEN BANKS IN THE CITY OF LONDON.

Money { Gold .. .. .	·956
{ Silver and copper .. .. .	
Notes { Bank of England .. .. .	2·349
{ Country notes .. .. .	·134
Out clearing { .. .. .	
Bank of England { .. .. .	64·464
Non-clearing { Own branches .. .. .	
{ Other banks .. .. .	9·077
Selves { Cheques entered to credit .. .. .	
{ Transfers .. .. .	16·171
Country cheques and all country cheques and drafts sent for payment .. .. .	6·849
	<u>100·</u>

SIR JOHN LUBBOCK'S FIGURES "STATISTICAL JOURNAL," 1865, VOL. XXVIII. PAGE 361, COMPARED WITH THE RETURNS FROM CLEARING BANKS.

LONDON CLEARING.	Sir John Lubbock. 1861.	London Clearing Banks. 1881.	Increase.	Decrease.
Cheques and bills passed through Clearing House .....	70·8	71·313	·513	
Cheques and bills not cleared ..	23·3	25·248	1·948	
Bank of England notes .....	5·	2·349		2·651
Coin .....	·6	·956	·356	
Country bank notes .....	·3	·134		·166
	<u>100·</u>	<u>100·</u>	<u>2·817</u>	<u>2·817</u>
TOWN CUSTOMERS.				
Cheques and bills .....	96·8	97·233	·633	
Bank of England notes .....	2·2	{ 2·039		·561
Country bank notes .....	·4			
Coin .....	·6	·728	·128	
	<u>100·</u>	<u>100·</u>	<u>·761</u>	<u>·561</u>

In the London returns, gold and silver are not distinguished; the items appearing as "money." For the purposes of testing the exactness of the statements of the relative use of coin I have therefore relied mainly on the country returns. I introduce this matter here as confirming the country returns, as tending to confirm the London returns and fixing a firm basis for the reasoning upon which the further progress of this paper must hinge.

Professor Jevons, in his estimate of the amount of coined money in circulation \* thus divided the items—

Sovereigns..	..	..	..	..	..	£68,000,000
Half-sovereigns	..	..	..	..	..	12,000,000
Silver	..	..	..	..	..	14,000,000
Bronze	..	..	..	..	..	1,000,000
						<u>£95,000,000</u>

The proportion of gold to silver and copper is in this estimate, therefore—

Gold ..	..	..	..	..	..	..	84
Silver and copper	..	..	..	..	..	..	16
							<u>100</u>

Taking the average use of coin indicated by the country returns, the percentages are,

Gold ..	..	..	..	..	..	12.41	=	80
Silver and copper	..	..	..	..	..	2.79	=	20
								<u>100</u>

This is a close approximation to Professor Jevons's estimate. Taking the London return, and allowing a liberal per-centage for the use of silver, that is to say, treating the use of silver as 5 of 25', the new proportion would be—

Gold ..	..	..	..	..	..	..	81
Silver and copper	..	..	..	..	..	..	19
							<u>100</u>

In allowing so high a percentage of silver I was, I think, giving a full margin.

To test the accuracy of the proportion of notes, I took the average circulation of the private banks and of the Bank of England for the four weeks, May 14th, 21st, 28th, June 4th, the period in

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\* "Statistical Journal," vol. xxxi., page 426.

which most of the returns were made. The average circulation was—

Private banks	..	..	..	..	..	£3,489,000
Bank of England	..	..	..	..	..	26,623,000
						<u>£30,112,000</u>

The proportions are—

Bank of England	..	..	..	..	..	88
Private banks..	..	..	..	..	..	12
						<u>100</u>

The proportions shewn in the returns from the country are—

10·16	=	85
1·78	=	15
<u>100</u>		

Considering that the returns are only partial, this was useful evidence in confirmation. Re-grouping the items by including the "Clearing banks and the banks in the Metropolitan area," I obtained these results—

Gold ..	..	..	..	..	..	43·856	=	81
Silver ..	..	..	..	..	..	10·06	=	19
								<u>100</u>
Notes ..	..	..	..	..	..	30·131	=	87·4
Country notes		..	..	..	..	4·344	=	12·6
								<u>100·</u>

The whole operation standing thus :

		Per cent. Actual Circulation.					Per cent. Estimate.
Notes	{ Bank of England	..	..	..	88	....	87·4
	{ Private issues	..	..	..	12	....	12·6
						100	100·
						<u>100</u>	<u>100·</u>
		Professor Jevons' Estimate.					Returns.
Coins	{ Gold	..	..	..	84	....	81
	{ Silver	..	..	..	16	....	19
						100	100
						<u>100</u>	<u>100</u>

The advantages which I conceive to accrue from this test are, that the percentages which can be put to the ordeal of comparison work out with remarkable closeness. This should go far to prove the accuracy of the London clearing bankers' returns, of the metropolitan returns, and of the country returns. There is another test to be applied to the London figures which I shall presently notice. The main thing is, that there seems to be a close conformity to facts in these figures.

The accumulation of evidence, therefore, which goes to prove the relative London and country use of the Clearing House is a step in the solution of the problem. We have not yet arrived at the stage when the division into London and country use can be made with accuracy, but we have made some progress in that direction. Sir John Lubbock gave some figures relating to London, as a contribution toward the solution of this unsolved problem. I venture to think that the mass of evidence which the London clearing bankers' return gives us, together with the returns from the country bankers, will enable us to go further in this direction than in any previous effort. The London Clearing House figures being known, and the proportion which they bear to the other items in the London turnover being given, it is possible to estimate the total London turnover. In the receipts of the London bankers, the item, country cheques, bears a given proportion to the total, to which a value may be attached. Taking the country bankers' returns, the same item will appear, and should, if the returns be accurate, bear the same value as the item in the London clearing bankers' returns. I have previously given my reasons for placing confidence in the accuracy of the figures. It must be recognised that although the material is at the present time greater than at any previous time, it is, even yet, incomplete. The total amount of bills and cheques paid through the Clearing-House for the year 1880-1881, ending 30th April, 1881, was £5,009,000,000. In round figures £5,010,000,000.

I have taken this last amount as the basis of a calculation of the complete turnover of the London clearing banks.

The two items in the London return are :—

Out-clearing	..	..	..	..	64·464
Country cheques	..	..	..	..	6·849
					<hr/>
					71·313 of the total.

Assuming that these figures are even approximately correct, we learn that £5,010 forms 71·313 of the total. Calculating on this basis we arrive at the following estimate of the total aggregate transactions of the London banks :—



	Per- centage.	Estimated Total Transactions.
Money .. .. .	956	£67,000,000
Bank of England notes .. .. .	2·349	165,000,000
Country notes .. .. .	134	9,500,000
Clearing .. .. .	64·464	4,528,500,000
Non-clearing .. .. .	9·077	638,000,000
Selves .. .. .	16·171	1,136,000,000
Country cheques .. .. .	6·849	481,000,000
	<hr/> 100· <hr/>	<hr/> £7,025,000,000 <hr/>

The next step is to decide upon the per-centage in the country returns, which is to represent the figures, 6·849 in the London return.

Taking the average figures from the country banks, the use of country clearing is as follows :—

	Country Clearing.	London Cheques.
Country banks (average) .. .. .	12·07	22·71
Trades (average) .. .. .	12·02	22·82
Metropolitan area .. .. .	11·83	
Agricultural .. .. .	19·57	25·74
Towns .. .. .	8·42	21·24
Country and metropolitan area .. .. .	11·95	
Trades, metropolitan, agricultural and towns .. .. .	12·33	23·2

I have judged from these figures that the average country use was the best per-centage to take, and have therefore estimated that the 12 per cent. of country clearing of the country banks corresponds to the 6·849 per cent. of the country clearing in the London City clearing banks. The London cheques and bills I have taken as 23 per cent.

The result is as follows :—

Cheques presented in the same town or district ..	15·7
Cheques remitted to branches .. .. .	20·5
Country clearing .. .. .	12·
London cheques and bills .. .. .	22·7
Remitted to country agents .. .. .	8·7
Placed to credit of account .. .. .	20·4

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100·

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Proceeding on these lines we get the country use of cheques and bills.

Cleared through town or district .. .. .	£629,000,000
„ branches .. .. .	822,000,000
„ country clearing .. .. .	481,000,000
„ London cheques and bills .. .. .	910,000,000
„ country agents .. .. .	348,000,000
„ cheques entered to credit .. .. .	818,000,000
	<hr/> £4,008,000,000 <hr/>

There is yet an important class of items to be added to the

country figures, viz., coin and notes. It is evident that the only basis upon which I could work was to assume that the cheques and bills disposed of exactly represented the cheques and bills in the item "receipts."

Working on this theory the proportions are :—

Cheques and bills	.. ..	72·86	£4,008,000,000
Cash and notes	.. ..	27·14	1,493,000,000
		<hr/>	<hr/>
		100·	£5,501,000,000
		<hr/>	<hr/>

Thrown into order the return would stand thus :—

**Country use of Metallic Money and Documents—**

Gold	.. ..	12·41	£683,000,000
Silver	.. ..	2·79	153,000,000
Notes	.. ..	10·16	559,000,000
Country notes	.. ..	1·78	98,000,000
Cheques on the same town or district	.. ..	26·75	1,472,000,000
All other cheques and bills	.. ..	46·11	2,536,000,000
		<hr/>	<hr/>
		100·	£5,501,000,000
		<hr/>	<hr/>

Taking the business done in the district to include the coin, the figures bring out these results :—

District, including Coin and Notes.		All other Cheques and Bills.
£2,965,000,000	.. ..	£2,336,000,000

Arranging the cheques and bills on the lines previously used in considering the per-centages, the analysis is as follows :—

District.	Country Clearing and Country Agents.	London Cheques and Bills.
£2,269,000,000	.. £829,000,000	.. £910,000,000
District.	Country Agents.	London Cheques and Bills and Country Clearing.
£2,269,000,000	.. £348,000,000	.. £1,391,000,000

We now begin to attach some meaning to per-centages which represent figures of such magnitude.

The items work out as follows :—

London Clearing Banks total	.. ..	£7,025,000,000
Country use of Clearing House :—		
Country clearing	.. ..	£481,000,000
Cheques and bills remitted..	£910,000,000	
		<hr/>
		£1,391,000,000
London clearing banks	.. ..	£5,634,000,000
Country total	.. ..	£5,501,000,000
		<hr/>
Grand total	.. ..	£11,135,000,000
		<hr/>

which gives the assumed aggregate cheque and bill transactions of England.

In making up the country total I have included cheques and bills on London remitted from the country, and also country cheques. I know of no other means by which an approximation to the connection between the commerce of the metropolis and the country can be obtained. The subtraction of the great item, Cheques and Bills on London, from the country bankers' figures would involve an obvious absurdity. That the almost universal custom is to make bills payable in London is a generally understood fact. The division must necessarily be made with a large possibility of error, or not made at all. I have therefore chosen to embody the item, without deduction, as country business, rather than attempt a fine and misleading distinction. The facts which are most capable of verification are these:—

1. The total passing through the hands of the clearing bankers;
2. The total passing through the country clearing;

I would point out that two estimates recently made place the amount of the country clearing at £280,000,000, and £350,000,000 per annum respectively. The assumption upon which I have constructed the probable turnover is based upon the actual business of a limited number of days, and might be open to modification if taken over a longer time. How large a portion of London business is connected with commerce, and how large a portion with Stock Exchange operations, we can only judge by the relative influence of the Stock Exchange settling days and of the 4th of the month.

Taken in its length and breadth, the subject of currency cannot be illustrated by any other agency than through the medium of the bankers of the kingdom. The state of the coinage, the increased or the decreasing use of notes in given districts or over the whole country, the growth of the use of cheques, these are matters entirely within their cognizance.

I have not been able, I regret, to include any estimate of the proportional use of metallic money and credit documents by the West-end banks. The portion of their turnover which passes through the hands of the clearing banks (and from their position that must be a large per-centage) is included. The absence of any adequate response from Ireland and Scotland has deprived me of the opportunity of estimating their connection with London. The customs of foreign banking in London fortunately assist us, by providing that the foreign and colonial bankers' totals shall be included through their London bankers. It is thus obvious that this paper does not furnish a general solution of the problem; it is a contribution towards some future solution. We need more general returns,

drawn from a wider field, in order to trace out the course of British commerce with exactness.

Banking statistics gathered with due patience would play a great part in industrial statistics; they represent trading totals; they rise and fall with prices, they expand with commercial prosperity, they contract in the day of bad trade. Systematically collected, they would furnish constant lessons. From no other source could we gain so much and valuable information as to trading currents as from bankers. In their books the trading world is photographed. It has been calculated that 97 per cent. of the transactions of British wholesale commerce pass through the hands of the bankers of the United Kingdom. The sources of that commerce and its distribution must in the broadest way be marked in the totals of the banking world. The cottons of Lancashire, the woollens of Yorkshire, the shipping of Liverpool, the commerce and the finance of London are all represented there.

The tendency of this generation is to seek to place its theories upon an exact basis. How much would the social and trading life of England be illustrated if we could mark out, though only at intervals, or even for a single day, the magnitude of our great industries as they are represented in the books of bankers.

The conversion of the mode of settlement of claims from payment by coin and notes into payment by cheque and clearing, is not merely a local, or even a national movement. The American statistics, so opportunely published, demonstrate the wide-reaching influence of the causes working in that direction. Wherever the English race has planted itself and founded a community, there the tendency towards a common financial organization has shown itself. We see this at home, we see this in America, it is repeated in Australia. There is, therefore, in despite of much diversity, much that is common to all these systems. It is our happy lot to live in an age of analysis. "An inquiry into the nature and the causes of the wealth of nations," is with us no new thing. Men have learned that success in trade, as all other success, is to the patient and the capable. And they have learned to look with favour upon inquiries into the structure of society which in a previous age would have been watched with doubt. To know, is an aspiration which in most things men look upon with approval, and it cannot fail that an effort to measure the growing volume of English trade through its most conveniently observable channel, will, in the long run, win the suffrage of those whose thoughts are for the commonwealth and for the commonweal.

## APPENDIX I.—COUNTY AVERAGES.

PROPORTIONAL AMOUNTS OF DIFFERENT KINDS OF MONEY AND CREDIT DOCUMENTS RECEIVED BY BANKS IN THE UNDERMENTIONED COUNTIES:—

	Chester.	Durham.	Essex.	Huntingdon.	Leicester-shire.	Lincoln.	Northampton-shire.	Northumberland.	Shropshire.	Staffordshire.	Sussex.	Surry.	Yorkshire.
Gold (sovereigns and half-sovereigns) .....	18-81	17-92	10-46	6-02	8-32	9-64	6-13	10-25	8-63	14-38	3-76	14-55	16-02
Silver (with or without copper) .....	4-89	2-85	2-9	1-72	1-65	1-39	-89	-68	2-	3-48	-83	3-	3-58
Bank of England notes ..	17-52	5-93	2-75	1-06	3-55	3-34	1-59	7-67	8-03	6-32	-57	4-4	14-01
Country bank notes .....	-75	4-15	2-25	4-77	2-12	4-89	2-28	-82	1-27	-49	1-23	1-3	6-15
Cheques on the same town or district .....	19-39	32-	31-04	17-37	47-66	41-7	35-89	53-67	30-47	21-47	20-17	14-45	12-5
All other cheques and bills	38-64	37-15	50-6	69-06	36-7	39-04	53-22	26-91	49-6	63-86	73-44	62-3	48-76
	100-	100-	100-	100-	100-	100-	100-	100-	100-	100-	100-	100-	100-

PROPORTIONAL DISPOSAL OF CHEQUES AND BILLS DISPOSED OF THROUGH VARIOUS CHANNELS BY BANKS IN THE ABOVEMENTIONED COUNTIES:—

	10-42	16-65	10-17	11-32	27-28	24-45	8-6	15-66	22-17	11-75	7-97	8-8	15-14
Cheques presented to Banks in the same district .....	35-94	28-39	12-7	5-78	16-17	19-35	20-96	28-95	10-67	23-14	14-73	12-4	23-1
Remitted direct to other branches .....	-	-	-	-	-	-	-	-	-	-	-	-	-
Remittances to London agents .....	7-82	7-4	22-97	31-	11-73	17-2	27-23	7-43	11-06	12-16	23-44	21-65	21-48
Cheques and bills on London	15-36	1301	26-43	16-03	22-52	21-85	23-76	12-27	27-4	23-33	12-67	35-55	21-35
Remittances direct to country agents and correspondents .....	13-01	12-22	-2	15-47	2-5	2-03	1-45	2-4	6-2	9-83	-07	1-0	8-42
Cheques on own bank (not including other branches) entered to credit of account .....	17-45	22-23	27-53	20-4	19-8	15-12	18-	33-4	22-5	10-79	40-52	20-	10-51
	100-	100-	100-	100-	100-	100-	100-	100-	100-	100-	100-	100-	100-

APPENDIX II.—AVERAGE RETURNS FROM SOME OF THE CHIEF ENGLISH TOWNS.  
 PROPORTIONAL AMOUNTS OF DIFFERENT KINDS OF MONEY AND CREDIT DOCUMENTS RECEIVED BY BANKS IN THE UNDERMENTIONED TOWNS.

	Ash-ton- under- Lyne.	Birm- ham.	Bray-ford -York.	Bolton.	Black- burn.	Barnab-y.	Burnley.	Pack- ton. Auchl. H.L.	Hallifax.	Harley.	Hull.	Interp- ol.	Leeds.	Manches- ter.
Gold (sovereigns and half-sovereigns) .....	14.4	15.4	4.45	5.64	12.05	24.15	8.9	30.2	18.	17.65	10.	3.7	7.48	10.45
Silver (with or without copper) .....	3.65	3.2	1.3	1.12	4.35	6.86	3.6	4.4	6.	4.55	1.	.53	1.47	3.2
Bank of England notes ..	19.7	10.2	6.1	9.03	13.7	6.2	9.3	4.	19.	5.15	13.	24.67	3.8	19.1
Country bank notes .....	.05	.3	1.15	.03	.05	4.3	.2	6.	3.	.1	6.	.12	1.67	3.05
Cheques on the same town or district .....	41.25	21.4	3.5	49.72	41.2	6.6	60.8	40.5	20.	23.85	15.	39.3	45.	30.75
All other cheques and bills	20.95	49.5	83.2	24.44	23.65	51.9	17.2	14.9	35.	48.7	66.	31.78	40.55	33.45
	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.

PROPORTIONAL DISPOSAL OF CHEQUES AND BILLS DISPOSED OF THROUGH VARIOUS CHANNELS BY BANKS IN THE ABOVEMENTIONED TOWNS.

	16.6	28.63	6.35	10.08	46.37	11.8	37.25	14.1	14.75	8.8	12.	25.65	22.43	15.25
Cheques presented to Banks in the same district .....	2.45	5.49	11.85	18.12	21.16	14.5	41.13	36.1	5.55	29.2	5.	17.95	15.25	22.7
Remitted direct to other branches .....														
Remittances to London agents .....	2.	13.74	6.35	4.69	3.9	24.55	3.62	5.7	12.67	13.9	60.	5.6	12.6	16.9
Country cheques .....	12.3	27.1	35.15	8.72	3.21	20.9	4.08	6.1	44.74	12.26	12.	18.4	26.27	25.75
Cheques and bills on London Remittances direct to country agents and correspondents .....	15.	12.49	8.75	9.4	5.91	11.75	.35	2.7	9.65	13.45	1.	9.4	3.75	4.35
Cheques on own bank (not including other branches) entered to credit of ac- count .....	27.66	12.55	32.55	48.99	19.45	16.5	13.57	35.3	12.64	22.4	10.	23.	19.7	15.05
	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.

## APPENDIX II.—AVERAGE RETURNS FROM SOME OF THE CHIEF ENGLISH TOWNS.—(Continued.)

PROPORTIONAL AMOUNTS OF DIFFERENT KINDS OF MONEY AND CREDIT DOCUMENTS RECEIVED BY BANKS IN THE UNDERMENTIONED TOWNS.

	North- ampton.	New- castle- on-Tyne.	Old am.	Pir- mouth.	Bothdale.	Stoke- new- ington.	Stoke- new- ington.	Sunder- land.	St. Helen.	Sheffield.	Warring- ton.	Wigan.	White- hampton.
Gold (Sovereign and Half-Sove- reigns) .....	4.	10.3	10.68	10.84	13.12	15.8	11.38	12.81	28.	8.5	11.82	11.46	9.
Silver (with or without Copper) ..	1.	1.5	2.92	1.86	4.11	4.4	2.05	1.84	11.	1.5	6.19	3.17	1.23
Bank of England Notes .....	1.	8.9	15.5	6.35	23.29	6.5	1.57	1.	6.	5.	18.2	19.5	7.7
Country Bank Notes .....	1.	1	1.03	4.16	1.04	1.	1.15	1.45	..	2.5	1.03	..	1.81
Cheques on the same town or district .....	39.	58.3	48.48	45.25	20.3	12.4	3.2	49.5	14.	13.	17.93	27.39	5.45
All other Cheques and Bills .....	54.	20.9	22.28	32.25	38.94	60.8	80.65	30.4	41.	69.5	43.83	38.46	75.81
	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.

PROPORTIONAL DISPOSAL OF CHEQUES AND BILLS DISPOSED OF THROUGH VARIOUS CHANNELS BY BANKS IN THE ABOVEMENTIONED TOWNS.

	10.	22.9	14.16	16.74	14.7	18.45	3.8	27.4	24.	17.	22.03	14.46	12.37
Cheques presented to Banks in the same town or district .....	35.	14.95	18.71	1.58	23.37	27.64	49.4	17.4	16.	5.	13.03	35.5	..
Remitted direct to other branches Remittances to London agents:—	33.	6.05	72	11.01	9.28	9.74	17.	4.7	17.	7.	9.03	2.27	10.75
Country Cheques .....	18.	11.6	4.92	17.8	17.67	35.48	8.2	15.2	7.	43.	9.25	10.62	50.49
Cheques and Bills on London Cheques direct to country agents and correspondents .....	2.	10.5	7.17	8.28	17.88	3.4	14.	8.95	11.	21.	38.05	9.8	8.33
Cheques on own bank (not in- cluding other branches) entered to credit of account .....	2.	35.	54.33	45.59	17.1	5.20	7.6	26.35	25.	7.	7.61	27.36	18.06
	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.	100.

### APPENDIX III.—AVERAGE RETURNS FROM SCOTLAND AND IRELAND.

#### PROPORTIONAL AMOUNTS OF DIFFERENT KINDS OF MONEY AND CREDIT DOCUMENTS RECEIVED IN DUBLIN.

Gold	..	..	..	..	..	..	..	1·6
Silver	..	..	..	..	..	..	..	·07
Bank of England Notes	..	..	..	..	..	..	..	·62
Irish Notes	..	..	..	..	..	..	..	8·51
Cheques on same town	..	..	..	..	..	..	..	77·34
All other Cheques and Bills	..	..	..	..	..	..	..	12·56
								<hr/> 100· <hr/>

#### PROPORTIONAL DISPOSAL OF CHEQUES AND BILLS IN DUBLIN.

Presented for payment in the same town	..	..	..	65·
Remitted direct to branches	..	..	..	6·5
Remitted to London:—				
1. Country Cheques	..	..	..	·5
2. Cheques on London	..	..	..	5·
3. To agents and correspondents	..	..	..	2·
Cheques on own bank, not including other branches entered to credit	..	..	..	21·
				<hr/> 100· <hr/>

#### PROPORTIONAL AMOUNTS OF DIFFERENT KINDS OF MONEY AND CREDIT DOCUMENTS RECEIVED BY EIGHT SCOTCH BRANCH BANKS.

Gold (Sovereigns and Half-Sovereigns)	..	..	..	1·44
Silver (with or without Copper)	..	..	..	1·46
Bank of England Notes	..	..	..	·4
Country Bank Notes (Scotch)	..	..	..	39·11
Cheques on the same town or district	..	..	..	22·45
All other Cheques and Bills	..	..	..	35·14
				<hr/> 100· <hr/>

#### PROPORTIONAL DISPOSAL OF CHEQUES AND BILLS RECEIVED BY EIGHT SCOTCH BRANCH BANKS.

Cheques presented to banks in the same town	..	20·39
Remitted direct to other branches	..	83·16
Remittances to London agents:—		
Country Cheques	..	1·16
Cheques and Bills on London	..	12·76
Remittances direct to country agents and correspondents	..	3·71
Cheques on own bank not including other branches, entered to credit account	..	23·84
		<hr/> 100· <hr/>



**PROPORTIONAL AMOUNTS OF DIFFERENT KINDS OF MONEY AND CREDIT  
DOCUMENTS RECEIVED IN EDINBURGH.**

Gold (Sovereigns and Half-Sovereigns) .. ..	3
Silver (with or without Copper) .. ..	25
Bank of England Notes .. ..	58
Country Bank Notes .. ..	12.09
Cheques on the same town or district .. ..	32.82
All other Cheques and Bills .. ..	53.96
	<hr/>
	100.
	<hr/>

**PROPORTIONAL AMOUNT OF CHEQUES AND BILLS DISPOSED OF IN EDINBURGH.**

Cheques presented through Clearing House .. ..	37.82
Remitted direct to other branches .. ..	8.73
Remittances to London agents:—	
Country Cheques .. ..	74
Cheques and Bills on London .. ..	5.52
Remittances direct to country agents and correspon- dents .. ..	81
Cheques on own bank, not including other branches, entered to credit of account .. ..	46.38
	<hr/>
	100.
	<hr/>

**DISCUSSION ON MR. POWNALL'S PAPER.**

Mr. McKEWAN: There will be but one opinion as to the value of this paper, and I do not hesitate to express very strongly the regret which is only incidentally referred to in Mr Pownall's paper, that a larger and wider response was not given to his requisition for statistics. He is obliged to say that the results are, to his mind, comparatively imperfect. Such as they are, they are exceedingly valuable and interesting, and they have gone somewhat towards the solution of some questions with respect to which we were much in the dark. I hope the subject will be taken up again, perhaps by Mr. Pownall himself, under more favourable auspices. It would be well to consider what are the probable reasons why a better response was not given to his request for information, and I can imagine two reasons: First, an exaggerated idea of the extent of the trouble and labour which would be involved in providing information. Of course this would depend very much upon the nature of the details and figures which were given; but if given only as percentages, and I should take it that thus they would be more readily used for such a paper. I can say it did not involve the amount of labour and trouble which probably was anticipated. The second objection would be that it might be supposed there was a disclosing of the amount of the transactions of a particular bank in furnishing a reply to these questions. That again is met by

furnishing only percentages. If there be any force really in the objection to give the total volume of the various transactions it would be met by giving their percentages to the total volume. Mr. Pownall referred very properly to that which must have struck every one of us, viz. the continued costly employment of the large amount of coin which is necessarily used under our present arrangements in making small payments in the wage districts, and the contrast is very striking indeed as to the small quantity which is required to be used in Scotland and in the United States for these identical things. All of us who have to deal with coin know how troublesome the lightness of the coin is becoming to us, and that must arise where coin passes from hand to hand so frequently. It might be perhaps interesting if I gave some idea of our own experience of this constant handling and passing of coin about. I find on the average of the last three years our branches in the Metropolis and in the country, not including any taken over the counter in Lombard Street, have sent on the average £12,320,000, giving an average of £40,000 a day, and we have returned to them during the three years, on the average during each year, £2,738,000. With the weighing and handling, the bagging and carrying of that large amount of coin constantly going on, it must of course get lighter, and I have often thought that if one could preserve the bags carefully in which these coins were packed and subject them to the operation of the crucible, we should get a nice little residuum. Reference was made to the large proportion of coin used in the wage-paying districts, and to a certain disturbing element known as the Metropolitan area. That area has grown so vast that one hardly knows where to place its limits. I should like just to state our own experience of this movement of coin in some parts of our Metropolitan area that is within the Metropolis itself, where our branches do a considerable business. The proportion of coin is 37 per cent. in one place, and it goes on 31, 31, 28, 26, 26, 26, down to 22, while the proportion of notes, relatively, is 10, 9, 6, 7, 7, 7, 6, 5. This occurs either in districts where there is a considerable manufacturing population, or where there is a dense population of residents, perhaps working in some other districts, but it all indicates that there must be a very large wage-receiving population there, who are spending their money in shops, and from the shopkeepers it finds its way into the bank. It shows what a grinding work there is going on with the coinage, and if there is any way by which a more economical use of coin could be made, it would save us, who have to submit to a heavy loss frequently from light coin. During three years we sent into the Bank nearly 7½ millions in coin, and you know it is not all full weight which goes into the Bank. Another curious thing—I do not know whether Mr. Pownall can confirm it in Manchester—is the

tendency of coin to disperse. What I mean is, there are certain districts which are always taking in coin for the purpose of paying wages, and you would imagine that that would circulate in the district, and be returned to the bank and be given out again; but our experience is that it is not the case, and that while it is being poured into certain districts it goes away again, and they always want to be renewed, and I take it that, to a greater or less extent, that would be the experience in Manchester. Certainly it is so in Birmingham, because for many years past we have sent to one Birmingham bank large sums of coin, and they always want the coin. The district in which it is does not supply sufficient to keep up its own wants. There is only one further point on which I would remark, and as it is one on which, probably, our President can help us, I feel sure he will do so if he is able. Seeing the question on the 21st page, referring to the country clearing, as purely a trading record, it would afford us most useful information if the table could be separately recorded and published. It has always appeared to me strange that it was not separately published, because one knows enough of the outline of the working of the Clearing-house, to know there would not be the slightest difficulty in doing it. The total amount of each banker's clearing is separately brought into the general clearing list, and it would be simply to extract that every day, and keep the totals of the country clearing distinct from the totals of the general clearing, and I imagine there could be no possible difficulty in doing that. At the commencement of the country clearing, when Sir John Lubbock referred to it, it was in its infancy, but it is now growing to very large dimensions indeed, and it would be a matter of interest if the returns were made weekly of the amount passing into the country clearing as distinct from the general clearing.

MR. THEODORE CARTER: Mr. Pownall has referred to the passing of a large amount of notes and coin in the Manchester and Liverpool districts. A few years ago, I ran through those districts and obtained some information respecting banking as it was then carried on there. It appeared to me that the profit of Manchester and Liverpool banking was not so much made out of current account balances as out of commissions, consequently as many of the large traders, mill owners and spinners in this district, had to pay commission on drafts drawn, their cashiers' duty was rather to keep money out of, than pay it into the banks. Then again, when the spinners met on the Manchester Exchange, they came with a large amount of bank notes in their pockets, paying them to the brokers who came over from Liverpool. These, I was informed, were in the habit of travelling in company, from Manchester to Liverpool, each taking back from the Exchange at Manchester as much sometimes as £80,000 or £90,000 in bank notes. At Liverpool, these notes were not paid into the Liverpool banks, but were paid away

for cotton and other produce. I was in one broker's office, when a clerk came in to ask for a payment on account, and they paid him £500 in bank notes. These facts show that a large amount in bank notes was in circulation, in consequence of the cheque practice not having been adopted to a great extent, in those districts. I do not know whether it has been altered, but I shall be glad, if the writer of the paper, will give us a little information upon that point.

Mr. J. BIDDULPH MARTIN: Having dealt a little with statistics myself, and more than once with banking statistics, I know how extremely rash it is to criticise at sight work that has involved much labour and thought, but I venture to make one or two remarks upon this paper. Mr. Pownall, in comparing London transactions and country transactions, scarcely brought out the fact with sufficient force that a number of large accounts of country firms are kept in London. These firms have their London agencies, where all the finance is carried on, and comparatively small transactions only are dealt with in Manchester or wherever else the head-quarters may be; so that though his figures no doubt show the local banking transactions as they actually are, they by no means show the entire business of the town. I notice that on page 9 he says, "Notes do not rise with coin." I had the honour of reading a paper here on the subject of bank-notes, and I remember working out the circulation of notes relatively to the population, and comparing the year 1844 (taking the population and circulation as 100 each) with 1879. The population of England had increased during that period from 100 to 152, while the circulation of the Bank of England had increased from 100 to 144, but the circulation of country banks had fallen from 100 to about 43. With regard to Scotland, the population had risen from 100 to 134, and the circulation from 100 to 183. In Ireland the population had fallen from 100 to 65, and the bank-notes in circulation had risen from 100 to 102, a very considerable rise in previous years having been checked by the scarcity of 1879. But on the whole the circulation of the country had increased proportionately faster than the population. I think the tables at the end of the paper are extremely curious, and they deserve very careful investigation. There are one or two figures which certainly strike me as probably inaccurate, and I think the incompleteness of the returns made to Mr. Pownall is the cause. For instance, in Appendix 2, we see how very differently some of the percentages work out. If we take Burnley and Hanley, the populations of which are approximately the same, though their staple industry varies, their "cheques on the same town" in one case are 60 per cent., and in the other case 23 per cent. Take Bradford and Blackburn, also towns of approximately the same populations,

the proportion of "cheques and bills" in one case is 83 and in the other 23. There is one other thing which strikes me, namely, that as a prophet is without honour in his own country, so in large towns where there is a branch of the Bank of England the circulation of Bank of England notes is smallest. In Newcastle the bank-note is 9 per cent., in Plymouth 5 per cent., while in Warrington it is 18 per cent., and in Rochdale it is 23 per cent. These discrepancies, I think, are worthy of attention. I see I have marked another on the last line on page 34. The "cheques on own bank" of the Northampton banks are 2 per cent.; in the case of Oldham, 54; Plymouth, 45; Sheffield, 7 per cent. I must say this paper throughout is very interesting, and it so bristles with points of interest that I feel one might make many remarks, which, however, I am not prepared to put before you off-hand in any consecutive shape. I must congratulate Mr. Pownall on the ability with which he has presented these points to us, and commend them to the careful consideration of the society.

MR. JOHN SMITH: Mr. Carter referred to the practice in the Liverpool and Manchester district of making bank notes do double duty, but I think the general practice in country districts will show not only that bank notes but bank cheques are used in that way. From my experience of the Yorkshire district it is not at all a rare occurrence for a cheque to pass through several hands before it reaches the bank on which it was drawn. I have no hesitation in saying that the total amount of payments by customers into their bank accounts by no means represent anything approaching the total transactions of trade; and, therefore, while the result of these figures—most elaborate figures—which have been gathered by Mr. Pownall, may be to a large extent depended upon so far as regards the principles deduced from averages and percentages. I think great caution will have to be exercised in drawing any general conclusion as to the volume of trade throughout the country from the payments into the various banks and from the total of the actual bankers' returns. I do not see that the bankers' returns present a satisfactory basis for ascertaining the actual volume of trade transactions throughout the kingdom.

SIR JOHN LUBBOCK: Before calling upon Mr. Pownall to reply, perhaps I may be allowed to say one or two words, although I am not going to detain the meeting many minutes. I quite agree with what has fallen from Mr. Smith, but I do not think it affects the question of the value of the returns, so far as comparing one period with another. Therefore, if we find an increase or a decrease we may fairly assume that represents a corresponding change in the magnitude of the commerce of the country. This paper raises a great number of interesting points, for instance the question of issue of notes, and I for one have always deprecated the issue of

£1 notes by a side wind without grave consideration. They were abandoned after a long trial and with general consent, but no doubt there is a great deal to be said for them, and all I wish to commit myself to is that we ought not to alter the present note system without the most careful inquiry. I feel this the more strongly as so many of our statesmen seem to assume it as an axiom that the issue of bank notes is a function of the State. On the other hand, there is a great deal to be said for the opposite opinion, namely, that it is much more the function of the banks than of the State. When Mr. Pownall wrote to me saying he was about to make the inquiry described in his paper, I was anxious to see how his results would come out as compared with the figures I gave sixteen years ago, and I was surprised to see how extremely closely the results of to-day coincided with those I had arrived at from a consideration of the transactions of our own firm. On the other hand, I have been much surprised also by the great difference shown in some of the statistics which Mr. Pownall has collected, and to which Mr. Martin has alluded—for instance, the proportion of bank notes varying in different towns from 1 per cent. to 23, and the proportion of cheques and bills, being 12 per cent. at Hull and 44 per cent. at Sheffield and Halifax. They seem to vary from 44 down to 13. That is very remarkable, but still many of the figures, I have no doubt, are susceptible of explanation, and I think we shall all agree that it is very much to be desired that we should have these figures for the whole country. I hope, therefore, that those banks which have held back, when they see the valuable result which may be deduced from these figures, will co-operate with us. I trust, also, our friends in Scotland and Ireland will assist, so that we may get the facts more clearly and thoroughly before us. As regards the Country Clearing, I will only say that there has been no desire on the part of the Clearing House Committee to withhold any facts at their disposition. The Country Clearing, however, is included by each bank in the total given to the Inspector. The Committee has no cognisance of the separate amount of the Country Clearing, so that these figures could not be given unless the present system were altered. I will now ask Mr. Pownall to reply.

Mr. POWNALL (in reply): I do not think that there is much to which I am called upon to reply. There was a remark which fell from Mr. McKewan referring to the publication of the actual turnover for a given period upon which I should like to dwell for a moment. For my own part, I cannot see, if there be a general movement on the part of bankers, having for its object the publication of actual figures, that any one would be at all prejudiced. We should get for the day or for the stated time, the actual magnitude of the transactions of the banking world and the broad

distribution of business, but the transactions of individual banks would disappear in the mass. I may illustrate this by our experience of to-night. I have not mentioned names. In the case of the smaller towns, I have not even alluded to them by name: they are sunk in averages. Bankers publish particulars, which are of vital importance as compared with this enquiry, without the slightest reserve. For example, balance-sheets, statements of deposits, of acceptances, lists of shareholders, amount of profits and the like; and they might consent to aid a work of great utility by giving their actual turnover, if they were assured that the returns would be held as a sacred trust. In the bank with which I have the honour to be connected it has always been a tradition not to be ashamed of being seen as we are. I should imagine that when gentlemen connected with banking look at the question from this stand-point, the sentimental objection to publicity under conditions which ensure the strictest privacy for individual communications must fade away. Mr. McKewan also mentioned that he had noticed, from the transactions of his own house, that coin was continually called for in certain districts, was absorbed into the circulation, and never came back. The same thing occurs with certain of our branches. And I think that it is an experience common to most banks having offices or branches in wage-paying districts. Professor Jevons notes a like circumstance in his inquiry into the state of the coinage. I cannot help expressing pleasure on hearing from Mr. McKewan that the separate publication of the country clearing total is feasible.

Mr. Carter has drawn an unfavourable picture of provincial bankers. He mentioned that the profits of provincial banks are largely made up of commissions. That is perfectly true, but provincial banking is not the inelastic instrument he has suggested it to be. Commissions are now much smaller than they were, say ten years ago. The system of keeping accounts, as, in London, for the sake of the balance, is both known and practised in the provinces. At all events in Manchester it is no part of the duty of the cashiers to keep money out of the banks. The habit of carrying notes backwards and forwards between Manchester and Liverpool which certainly existed in the cotton trade is now at an end. The Bank of England has an arrangement by which payments are made by telegraph at the rate of 6d. per £100, and the other banks have given increased facilities for the transmission of money. These arrangements work so well that they have quite broken down the old practice of carrying to and fro large sums in notes. Referring to Mr. Martin's criticism, in which he mentions that I have not laid sufficient stress upon the undoubted fact that many country firms keep a London banking account, and that, consequently, the practice affects the value of my division into London

and country business, I may say that I had considered the point, but, as I had no means of making any deduction, except a deduction founded on a guess, I thought it better to leave the matter alone rather than draw an inference which the figures in my possession would not warrant. I would also point out that in making the division into London and country, I carefully guarded myself from the charge of dogmatism. I said (page 658), "The division must necessarily be made with a large possibility of error, or not be made at all." Mr. Martin quotes a sentence from page 637, "Notes do not rise with coin," and makes it the basis of an argument which, though probably accurate, is for its critical purpose based upon a misapprehension. Possibly I am the author of the confusion. The sentence, with its context, explains that although in the metropolitan area the use of coin rises in a marked degree above the country average which I have all through referred to as a convenient standard of comparison, the note percentage does not increase in the same ratio. I appreciate the force of Mr. Martin's suggestion that in certain cases more general returns would alter some of the proportions. But I would point out that Blackburn, Burnley, and partially Hanley, are all embraced in the Manchester clearing area, and that it is perfectly competent for the branch banks at Blackburn, Burnley, and Hanley to pass most of the cheques which would come into their possession through the Manchester clearing. I pointed out at some length the elaborate provision made for the mutual clearance of claims by the Manchester bankers—a provision which extends to all their branches. I must dissent from Mr. Martin's theory respecting the reason for the smaller proportionate use of Bank of England Notes shown in Newcastle, Plymouth, and other large towns. I believe I gave the true explanation of this when I said, speaking of Manchester, "There is a commercial superstructure showing all the indications of a highly developed use of credit documents, raised above the wage-paying and wage-receiving population." In great centres of trade the commercial element, paying by cheque, may also use great amounts of notes; but those amounts will only be a small proportion of the whole transactions. London gives the best possible example of this. The transactions of the city banks are enormous, and the amounts received in notes must also be very large, but they only constitute a small percentage of the total. Mr. Smith mentioned that in Yorkshire cheques do duty several times. He also pointed to the high commissions obtaining in Manchester. My own impression is that in Yorkshire commissions are precisely at the stage they reached in Manchester some ten or twelve years ago, or even higher than they were in Manchester. In fact, we are really before them, and approximate more nearly to London customs. The closer con-



tact which railways, telegraphs, the telephone, and all the improvements which have been made in the mechanism of communication, have brought about, are not without effect upon banking matters. The evolution of banking is towards the more perfect organization shown in the London system, and I have no doubt that, in a few years, banking returns will be more thoroughly representative of the mass of trading activity. They certainly do not decrease in value, they become a more complete index of trading activity from year to year. Sir John Lubbock has mentioned the surprise he felt at the extreme closeness of the results obtained to-day to his own figures. I confess that when I had reduced the figures and found so marked an agreement I was tempted to believe that I must have made a mistake, but a careful re-examination only confirmed the first result. There is, as Sir John Lubbock remarked much that is surprising in the figures.

In any future attempt which may be made to collect information on the present lines over a wider field, it would be possible to obtain from many of the banks notes upon the reasons which influence the proportionate use of coin, notes, and cheques respectively. In one case especially the returns made to me were accompanied by foot notes stating the character of the business done at the office to which the return referred. I was thus enabled to see that the striking differences in the proportionate use of coin, notes, and cheques shown in the usage of different branches of the same bank were distinctly traceable to difference of occupation. I would most gladly have quoted those notes and returned thanks to their author, but I am forbidden to do so. Some of the differences alluded to by Sir John Lubbock are no doubt capable of explanation in the same mode. With regard to the extremely small percentage .13, I think that, extraordinary as it seems, it may be relied upon. The figures come from a branch bank, but one in which all the returns were made with extreme care. It is not useless for me to point out that the fact of these figures circulating will, in itself, be some guarantee that a future inquiry will be better responded to. People will now understand exactly what it is they are asked for, and that will be a great gain. I am not without hope that from henceforth we shall walk by the light of fact in our currency and banking inquiries. It but remains for me to thank you for the kindness with which you have heard me.

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PROPORTION OF COIN, NOTES, AND CHEQUES TO TOTAL RECEIPTS  
IN THE UNITED STATES NATIONAL BANKS.

It has happened that an enquiry very similar to that carried out by Mr. Pownall has this year been conducted, only under happier circumstances as regards the completeness of his *data*, by the Hon. John Jay Knox, Comptroller of the Currency in the United States, the results of which he communicated in an interesting paper to the convention of the American Bankers' Association, held at Niagara Falls, in August last.\* After giving the results arrived at by Sir John Lubbock, at the close of 1864, in what Mr. Knox states was the very first enquiry of the kind, and quoting the opinion of Mr. Jevons in his "Money and the Mechanism of Exchange," as to the desirability of more copious information being afforded by bankers on this subject, Mr. Knox refers to the effort made in 1871, by the late President Garfield when a member of Congress, to obtain information of a similar character. This enquiry embraced the operations of fifty-two carefully selected banks, representing, in three groups:—1, the City Banks; 2, certain Banks (probably of an average character) in Ohio; and 3, some of the smallest banks far away from railways and telegraphs. The total receipts of these fifty-two banks during six days amounted to \$157,000,000, of which it was found that *twelve* per cent. was in cash (including "coin, greenbacks, bank notes or coupons,") and *eighty-eight* per cent. in "cheques, drafts and commercial bills."

The more comprehensive enquiry lately set on foot by Mr. Knox, whilst the late President was still living, was instituted with the desire of completing the work which he had commenced in 1871. Of 2,106 National banks to whom communications were made, replies were received from 1,966. The receipts of one day only, the 30th of June last, instead of six days as in the previous case, were analysed. They amounted for the 1,966 banks to \$284,714,017 (roughly speaking £57,000,000) and the result showed the total percentage of coin and paper money to be 4·87, and of cheques and drafts 95·13.

Sub-dividing the 1,966 banks into three groups, the first embracing the 48 National banks in New York City; the second 187 banks in fifteen principal cities, and the third 1,731 banks elsewhere; the results are as follows:—

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\* Proceedings of the Convention of the American Bankers' Association, held at Niagara Falls, August 10th, 11th, 12th, 1881. Published by the Bankers' Publishing Association, 247, Broadway, New York.

	Number of Banks.	Receipts.	Proportions.			
			Gold Coin.	Silver Coin.	Paper Currency.	Cheques, Drafts, &c.
			Per cent.	Per cent.	Per cent.	Per cent.
New York City ....	48	\$167,437,769	0·27	0·01	1·02	98·70
Other Principal Cities .....	187	77,100,715	0·76	0·15	4·71	94·38
Banks elsewhere ..	1,731	40,175,542	2·05	0·77	15·47	81·71
United States.....	1,966	\$284,714,016	0·65	0·16	4·06	95·13

The following table gives in more detail the results in the fifteen principal cities other than New York :—

Cities.	Number of Banks.	Receipts.	Proportion of Cheques, Drafts, &c.
			Per cent.
New York City .....	48	\$167,437,769	98·7
Boston .....	54	\$33,088,080	96·6
Albany .....	7	1,417,704	93·8
Philadelphia .....	32	18,061,565	96·0
Pittsburg .....	22	2,149,067	90·3
Baltimore .....	16	3,875,255	92·9
Washington .....	5	208,601	59·8
New Orleans .....	7	1,206,769	89·9
Louisville .....	8	742,330	92·2
Cincinnati .....	8	2,965,355	88·0
Cleveland .....	6	1,751,037	93·9
Chicago .....	9	8,141,189	91·9
Detroit .....	4	806,211	87·6
Milwaukee .....	3	417,244	83·3
St. Louis .....	6	1,940,053	82·3
San Francisco .....	1	332,265	91·8
Total, excluding New York City ....	187	\$77,100,715	94·4
Total, including New York City ....	235	\$244,538,474	97·3
Banks elsewhere .....	1,731	40,175,542	81·7
United States .....	1,966	\$284,714,016	95·1

So far as can be gathered from the statement of Mr. Knox, there has been no attempt yet made to classify and analyse these returns in the mode suggested by Mr. Pownall's enquiry. But the field seems ripe for such treatment. To the untravelled Englishman the fifteen selected cities do not suggest all the meaning that they may convey to an American; but the variations from the average shown in such well-known manufacturing towns as Pittsburg and St. Louis seem to imply that the results of our own wage-paying districts will be quite confirmed by American experience; whilst it may be found that the exceptional figures furnished by the Washington and Detroit Banks may have their representatives also on this side. Then those other 1,731 banks, including many in remote, scarcely settled places in the West, must surely be able to tell something as to the condition of things in those coin absorbing parts, and, by comparison with other districts, until lately as out of the world as they, suggest a period when the absorption may be expected to cease, and business be conducted on less costly principles.

It is seen, however, that a new circular was to have been issued on the 30th September last, and that Mr. Knox expects from the replies to this to be in possession of complete returns from all the National Banks without exception. There can be little doubt that with his great ability and grasp of details, he will extract from them all the information which they can be made to yield.

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### QUESTIONS ON POINTS OF PRACTICAL INTEREST.

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THE COUNCIL desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved:—

#### *Crossed Cheques Act, 1876.*

QUESTION I.—Section 10 of "The Crossed Cheques Act, 1876," reads—

"Any banker paying a cheque crossed specially otherwise than to the banker to whom the same shall be crossed, or his agent for collection, being a banker, shall be liable to the true owner of the cheque for any loss he may sustain owing to the cheque having been so paid."

A cheque drawn on a country banker, specially crossed to a

London banker, is presented for payment through the London Clearing House without the stamp or crossing of the London banker.

Should the country banker, before paying the cheque, require it to be stamped by the London banker, as evidence of the cheque having passed through his hands?

If the stamping is not obligatory on the London banker, would the country banker, after having paid the cheque, be protected under Section 9 in case it should afterwards be discovered that the cheque had been misappropriated and presented through another banker?

ANSWER: In the case given, the only channel through which the cheque can legally have passed is indicated by the crossing, and the paying banker pays it as to the banker named therein. Should he not have received the proceeds, the *laches*, if any, does not lie with the paying banker, who is, we think, protected under Sec. 9. It is the custom of the London clearing bankers to stamp their crossing on all cheques presented by them through the clearing, without exception, but this is by mutual arrangement and does not appear obligatory if the crossing is otherwise sufficient, *i.e.*, already bears the name of the presenting bank.

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*Instructions on "Credit Slip" other than by Customer.*

QUESTION II.—"X. Y.," a debtor to "C. D.," hands a country cheque to "C. D.'s" bankers for "C. D.'s" credit. "X. Y." writes upon the credit slip an authority to "C. D.'s" bankers to accept from the bankers upon whom the cheque is drawn their draft, on their London agent, in payment.

Before such draft can be presented, the drawers stop payment, and upon presentation the draft is unpaid. "C. D.'s" bankers advise "C. D." and "X. Y." of dishonour.

Should "C. D.'s" bankers have refused to accept the cheque for credit, can they legally debit "C. D.'s" account with the dishonoured draft, or must they look only to "X. Y." for repayment?

ANSWER: If "C. D.'s" bankers have acted as stated, it would be contrary to the ordinary course of business, and they must take the consequences.

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*Cheque payable to Feme sole, Endorsement after Marriage.*

QUESTION III.—A cheque is payable to the order of Miss Smith, and she marries; who should endorse the cheque, and how?

ANSWER: Presuming that the cheque is payable to Miss Ann Smith and that she subsequently marries John Jones, the usual form of endorsement required is as follows:—

Ann Jones (née Smith),  
John Jones.

*Cheque crossed simply "Bank."*

QUESTION IV.—Is it the custom among London bankers to consider a cheque crossed "Bank" as crossed specially to the Bank of England, or generally to a banker?

ANSWER: A cheque crossed merely "Bank," is payable to any banker.

*Notarial Charges. Reference on Bill.*

QUESTION V.—A bill for £140 is accepted and made payable at the A. B. bank. Before maturity the acceptor removes his banking account to the E. F. bank (nearer to his residence, and less than a mile from his former bankers), the Bill is presented by the clerk of R. & Co., notaries (acting as collecting agents for the endorser's bankers), at the A. B. bank, and pursuant to instructions left, the answer is written on the Bill "Refer to E. F. bank." The Bill is not referred by the notaries to the last-named bank for payment, until the following day, with 8s. 6d. notarial charges thereon.

Ought the bill to have been noted?

Could payment of the charges be legally enforced against the acceptor?

ANSWER: The holder of a bill of exchange is only bound to present it where domiciled; and in the event of the acceptor not duly providing for the same at the domicile he must bear the consequences thereof, including the cost of noting. It is customary in London for the clearing bankers to refer bills to one another in cases when they are domiciled at one bank and provided for at another, but it is not actually incumbent on the holder to re-present to the second bank, nor would he do so if it were situate at some distance.

## MISCELLANEA.

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**THE ASSOCIATED CHAMBERS OF COMMERCE AND BANKRUPTCY LEGISLATION.**—The following letter from Mr. John Smith, a Fellow of the Institute, which appeared in the *Times* of the 10th November, refers to the resolution of the above Association, the full text of which was given in page 620 of the *Journal* for November last.

Mr. C. J. Monk, M.P., has drawn public attention in your issue of the 31st ult. to the fact that the Associated Chambers of Commerce (of which he is chairman) have at their recent meeting at Plymouth passed a resolution on this subject to the effect "that the Bill promoted by the Association in 1880 was far preferable in principle to that introduced by the Government in 1881," and requesting the executive to reintroduce their Bill next Session so as to compete with that of the Government. As the opinion of the mercantile community on this question is of great importance, I trust you will allow me an opportunity of showing that Mr. Monk and his friends not only do not represent in this respect the opinion of the mercantile community, but do not even represent the matured opinion of the Associated Chambers themselves. The discussion of this subject at the Plymouth meeting occupied only a portion of the second day's proceedings, together with ten other subjects of great importance, including the Partnership Bill, the appointment of a Minister of Commerce, and the projected French Treaty. It is well understood how at these meetings, cut and dried resolutions are carried on the most important questions, simply on the recommendation of some prominent members, and without any adequate comprehension of their scope and meaning; and I am not surprised that Mr. Chamberlain complained at Liverpool that the resolution in question was come to "after apparently very insufficient discussion." How inadequate that discussion was, and how entirely the resolution in question was misunderstood, will appear from the following considerations.

At the annual meeting of the Associated Chambers, held at London in February last, the subject was considered at great length, and a series of fourteen resolutions was ultimately adopted, embracing a great variety of points on which the law, in the opinion of the Chambers, required reform. With one or two most trifling exceptions, every one of these resolutions has been adopted, or given effect to, in the Government Bill of 1881 introduced by Mr. Chamberlain. Your readers will scarcely credit the fact that scarcely one of the more important of these resolutions is embodied in the Bill promoted by Mr. Monk and others in the name and on behalf of the Associated Chambers. Yet so it is. Among the resolutions adopted on that occasion were the following:—

"1. That the Liquidation Clauses of the Act of 1869 should be abolished, and that all bankruptcy or insolvency proceedings be conducted in open court.

"2. That no debtor shall be entitled to his discharge except on an order

of the Court after seven days' notice to every creditor, and after hearing any creditor in opposition."

No one who is at all acquainted with the subject will deny that these two resolutions go to the very root of the evils connected with the present system; yet, not only are they not given effect to in the Bill promoted by Mr. Monk and his friends,—not only is the system of "liquidation by arrangement" (which, as Mr. Chamberlain has well said "naturally presents the widest possible field for every kind of fraud and abuse") left untouched, but fifteen clauses of the Bill are occupied with actually extending and aggravating all its mischiefs by a system of "deeds," to be executed after bankruptcy, and which are expressly designed to discharge the debtor, without the sanction of the Court, and to protect the debtor from that examination into his conduct and affairs which, without such deeds, would be inevitable. In fact, had the draftsman of this Bill proposed to himself the task of framing a measure which should expressly ignore, stultify, and contradict the resolutions of the London meeting of the Associated Chambers, he could not have done so more effectually than by the measure which bears the endorsement of Mr. Monk and other representatives of this very body. I submit that it is for these gentlemen to reconcile the facts of the case with the resolution which they have induced the Associated Chambers at their recent meeting to pass, practically without discussion; and, if I am not mistaken the explanation will at the same time throw some light, not only on the manner in which resolutions are prepared for and passed at these meetings, and afterwards circulated as the opinions of the mercantile community, but also on the reasons why our present bankruptcy system is universally acknowledged to be the worst system of its kind on the face of the globe.

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**THE RIGHT HON. H. FAWCETT, M.P., ON POSTAL ORDERS.**—Speaking on the subject of "Postal Orders," at a meeting held at Hackney, on the 2nd of November, the Postmaster-General said:—

"On the 1st of January a new form of money order was for the first time issued, termed a Postal Order, with the object of finding a cheaper and simpler means of transmitting money. It was estimated that about 2,000,000 of these orders would be annually issued. They are now being issued at the rate of considerably more than 4,000,000 a year. As an instance of the risk we often run of overlooking the real wants of our poor fellow-countrymen, I may mention that when it was proposed that these postal orders should be for so small an amount as a shilling, many people thought there could be no demand for the means of transmitting such small sums of money. Postal orders for a shilling are now being issued at the rate of more than 400,000 a year. I do not mean to say that the whole of them are used by the poor, but there can be no doubt that a very large proportion are so used. When the Bill which authorised the issue of these orders was before Parliament, fears were expressed by some that, instead of being used for transmitting money, they would be largely employed as currency. To show how little ground there was for



these fears, it may be mentioned that more than £900,000 worth of these orders had been issued at the end of August, and only £20,000 worth remained unpaid."

So far the result is satisfactory; but when Mr. Fawcett endeavours to show "how little ground there was for the fears expressed by some that these orders would be largely employed as currency," he does not say that in the original form in which they were proposed they would undoubtedly have served this purpose, which indeed his department was at one time believed to consider a not undesirable one; and that it was solely due to the action taken by the banking community that this result was defeated. It will be remembered that Sir John Lubbock, representing the London bankers, criticised the Post Office (Money Orders) Bill\* during the discussion on the second reading with reference to this very point, and, consequently, in the Committee, such modifications were made in the form and scope of the Order as to secure the result with which Mr. Fawcett is now so satisfied, and to confine these orders to the legitimate and useful purpose they now serve. The question of the issue of small notes is one which will require the deepest consideration, and may at any time come to the front; but their issue by a side wind, and in a form wholly undesirable, was happily averted.

**SHIPMENT OF BULLION FROM AUSTRALIA TO THE UNITED STATES.**—It is stated that a further amount of gold bullion, to the value of \$1,042,740 arrived at San Francisco, direct from Australia for the United States, on the 2nd November last.

**FAILURE OF A UNITED STATES NATIONAL BANK.**—The failure is announced of the Mechanics National Bank of Newark, New Jersey, owing to the defalcations of the cashier. The bank is said to be the largest in New Jersey, and had a capital of \$500,000, and a surplus of \$466,000. The examiner's statement shows \$2,411,000 deficiency; the assets being reported to amount to \$2,035,052, and the liabilities to \$4,446,253.

**PRICE OF CONSOLS.**—The price of consols has again risen above par, having been quoted on the 9th November, at 100½. This is the first occasion on which they have stood at so high a price with a 5 per cent. bank rate. It must, however, be taken into consideration that on the date named the outside market rate was fully 1½ per cent. below the bank rate.

\* The full text of this Act is given in pages 708-712, Vol. I., of the *Journal*.

STATISTICAL SKETCH OF THE ENGLISH BANKING SYSTEM.—In reply to a request from the American bankers, Mr. R. H. Inglis-Palgrave has compiled the following brief but concise sketch of the growth of the English banking system, which has been printed with the proceedings of the late convention at Niagara.

After remarking on the fact that the records respecting early English banking are exceedingly scanty, and that all statements on the subject are still necessarily very imperfect, owing to the absence of information from private bankers, it is stated that the figures which follow deal solely with the *deposits* of banks, and are irrespective of *capital* and reserve funds, which, exclusive of the Bank of England, but including the private banks, may be estimated at from 90 to 95 millions at the present date.

Mr. Palgrave then states:—

The earliest rough estimate I can discover is one in a pamphlet published in 1834. It refers to London bankers only, and is as follows:—

In the City .. .. .	£15,000,000
In the West-end .. .. .	9,000,000
Private deposits at Bank of England .. .. .	5,500,000
Total.. .. .	<u>£29,500,000</u>

From this a sum of £3,000,000 is deducted as belonging to the country bankers, leaving £26,500,000 for London deposits. An estimate made by Mr. G. W. Norman (at one time a Director of the Bank of England) is the next in date I can offer you; it was given in evidence before the Select Committee of the House of Commons on banks of issue in 1840, and is as follows:—

Banking deposits of metropolis, including Bank of England ..	£30,000,000
Country banks, England .. .. .	40,000,000
„ Scotland .. .. .	18 to 20,000,000
„ Ireland .. .. .	10 to 15,000,000
	<u>98 to £105,000,000</u>
Note circulation .. .. .	£40,000,000
Metallic „ (estimated at) .. .. .	20 to 30,000,000

Mr. Newmarch's estimate of the position of affairs in 1851 was as follows:—

CAPITAL WIELDED BY COUNTRY BANKS.

900 bank offices in England and Wales, at about £100,000 each, or say ..	£97,000,000
360 bank offices in Scotland, at about £100,000 each, or say ..	36,000,000
1,260	<u>£133,000,000</u>
170 bank offices in Ireland, at about 100,000 each, or say ..	17,000,000
1,430	<u>£150,000,000</u>

## CAPITAL WIELDED BY LONDON BANKERS.

35 City bankers, private (joint stock), 1½ million each .. ..	£44,000,000
16 West-end .. ..	20,000,000
Bank of England .. ..	12,000,000
" .. ..	24,000,000
	<u>£250,000,000</u>
Add to this insurance offices, &c., deposits with bill brokers ..	£10,000,000
Total.. ..	<u>£260,000,000</u>

My own estimate, made in 1873, was as follows :

Deposits of Bank of England, say .. ..	*£34,000,000
Liabilities of London banks .. ..	£179,000,000
" ,, provincial banks .. ..	210,000,000
	<u>£389,000,000</u>
Deduct for capital employed, partly estimated .. ..	54,000,000
	<u>£335,000,000</u>
Add .. ..	*34,000,000
	<u>£369,000,000</u>
Liabilities of Scotch banks, including circulation .. ..	82,000,000
" Irish ,, ,, ,, .. ..	34,500,000
	<u>£485,500,000</u>
Proportion of circulation, including bank post bills, not covered by bullion, say .. ..	500,000
Foreign and colonial banks, liabilities £120,000,000, say 15 per cent. of these .. ..	18,000,000
	<u>£504,000,000</u>
Add discount houses, two-fifths of deposits, say .. ..	32,000,000
	<u>£536,000,000</u>

The more recent estimates, which have appeared in the *Economist*, are as follows :—

## DEPOSITS OF BANKS IN THE UNITED KINGDOM AT THE FOLLOWING DATES--BANK OF ENGLAND STATED SEPARATELY.

		Bank of England.	In all, say,
Say, autumn, 1878 ..	£520 or £530,000,000	£24,000,000	£550 to £560,000,000
Say, spring, 1879 ..	460 ,, 470,000,000	38,000,000	500 ,, 510,000,000
Say, autumn 1879 ..	470 ,, 480,000,000	37,500,000	510 ,, 520,000,000
Say, spring 1880 ..	490 ,, 500,000,000	33,500,000	520 ,, 530,000,000
Say, autumn 1880 ..	470 ,, 480,000,000	31,600,000	510 ,, 520,000,000
Say, spring 1881 ..	460 ,, 470,000,000	32,000,000	500 ,, 510,000,000
Say, autumn 1881 ..	490 ,, 500,000,000	30,000,000	520 ,, **530,000,000

\* These figures are added from the "*Economist*" of 29th Oct. 1881

The amounts of the capital and reserve funds of the banks are not included in this statement, but it is to be understood as an estimate of the sums belonging to the customers of the banks in the hands of their bankers. The amounts with the discount houses are not included in these last figures, which compare, say, £485,500,000 in 1873, with £510,000,000, in 1881.

The growth of banking deposits in this country was hindered by the bad seasons of 1879 and 1880, and by the general depression of the trade of the country, but I think that since this year began improvement has again recommenced. You may roughly say that banking deposits have about doubled in this country during the last thirty years.

COMMERCIAL BILLS DISCOUNTED BY THE BANKS OF FRANCE AND THE NATIONAL BANKS OF THE UNITED STATES.—The annual report of the Bank of France for the year 1880 gives, as usual, an interesting account of the bills discounted by that establishment during the past year. It appears that the number of bills discounted was—

	Francs.	£
4,436,168 at the head office in Paris for	4,101,236,814	(164,000,000)
4,749,409 at the branches.....	4,595,650,600	(184,000,000)
<u>9,185,577*</u>	<u>8,696,887,414†</u>	<u>(£348,000,000)</u>

The average amount of each bill discounted in Paris was 924 fcs. (about £36), and at the branches 968 fcs. (nearly £39). Subdividing these, it is seen that of the 4,436,168 bills discounted in Paris

11,289	were for 10 fcs. and under.	
445,190	„ 11 fcs. „	50
557,933	„ 51 fcs. „	100
3,421,756	were above 100 francs.	

Those at the branches are not similarly subdivided.

Of the number of bills, however, discounted in Paris, nearly a quarter (1,014,412) were for sums under 101 fcs., and thus, it will be seen, states the report, how great a service the Bank of France has been able to render to the small traders of Paris. The number of such bills in 1877 was only 393,503.

Considerable light is thrown on this branch of the bank's business by information, obtained from the United States Consul in Paris (the Hon. George Walker), and given by Mr. Knox in his interesting paper to the Convention of the American Bankers' Association (1881). "It was ascertained," says Mr. Walker, "that these bills were received by the Bank of France from bankers who kept accounts with it. These bankers received them from small

\* Total number of bills discounted.

† Total amount of bills discounted.

brokers, who had in turn discounted them for the humbler classes of artisans, known as makers of the *Articles de Paris*. These bills are presented to the bank for discount, with accompanying schedules. The greater part of them are bills of exchange, and are drawn by small manufacturers."

Particulars of a somewhat similar character in regard to the bills discounted by the National Banks of the United States were obtained by Mr. Knox in the previous year (1879). From the returns he obtained, it appears that the total amount of bills discounted and held by these banks on the 2nd of October of that year was 875 millions of dollars (£175,000,000). The number of discounted pieces of paper then held was 808,269; the average of each discount was \$1082.59 (about £217); and of the total number those of \$100 (£20) and less, was 251,345, or nearly one-third of the whole. Those of less than \$500 (£100) numbered 547,385, or considerably more than two-thirds of the whole, while the number of bills of less than \$1,000 (£200) was 642,765, or more than three-fourths of the total. There were, however, more than 12,000 "pieces of paper" in amounts of over \$10,000 (£2,000) held chiefly in the larger cities.

"The small pieces of paper," Mr. Knox states, "corresponding to the small trade bills of the city of Paris, which are in part received by sewing machine companies, manufacturers of billiard tables, pianos and farming implements in monthly payments on these articles sold by them, are usually received by the bankers in the United States as collateral security for loans, and are forwarded by them for collection."

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**CARRIAGE OF FINANCE PARCELS BY RAILWAY COMPANIES ON THE CONTINENT.**—A question of interest to bankers has just been decided in the Appeal Court of Rennes. The railway companies convey—under a certain tariff—parcels of what is technically called *finance* that is to say, sealed packages, boxes or bags containing cash, notes or securities of declared value. Messrs. Mesle & Co., bankers of Rennes, to whom two packets of a value of 19,058 fcs. were addressed through the Western Railway Company, claimed the right to open the parcels on delivery to verify their contents in the presence of the railway company's servants. That pretension was objected to by the company on the ground that they had not verified the contents on receiving the parcels. They maintained that the receiver, had only a right to examine the exterior of the packages, to see that the fastening and seals and the seams of bags were intact, and bore no signs of having been tampered with. The Tribunal of Commerce, before which the suit was first heard, gave judgment for the bankers, but the Appeal Court has set aside that verdict, and decided in favour of the railway company.—*Economist*.

## SUMMARY OF AUSTRALASIAN BANK RETURNS.

Compiled from the Sworn Averages for the Quarter ended 30th June, 1881.\*

LIABILITIES.	Notes in circulation not bearing interest.	Bills in circulation not bearing interest.	Balances due to other banks.	Deposits not bearing interest.
	£	£	£	£
Victoria ... ..	1,300,831	56,049	242,632	7,021,475
New South Wales...	1,330,479	49,481	348,277	7,419,139
New Zealand ... ..	927,834	54,884	35,809	4,098,399
South Australia ... ..	519,864	19,003	70,973	1,681,321
Queensland... ..	337,504	14,132	346,471	1,401,098
Tasmania ... ..	134,732	5,235	20,232	—
Western Australia ... ..	21,683	809	33,033	139,945
Totals ... ..	4,573,426	159,602	1,097,725	21,960,377

	Deposits bearing interest.	Total deposits.	Total amount of liabilities.
	£	£	£
Victoria ... ..	13,980,518	20,801,093	22,501,708
New South Wales ... ..	11,984,088	19,403,807	21,132,456
New Zealand ... ..	*5,027,692	9,126,091	10,144,820
South Australia ... ..	2,480,423	4,861,743	4,971,585
Queensland ... ..	2,192,968	3,594,066	4,293,175
Tasmania ... ..	—	†2,548,978	2,509,179
Western Australia ... ..	181,969	320,935	376,459
Totals ... ..	35,749,757	60,057,613	65,928,382

\* New Zealand.—This includes £705,699 Government deposits. In other colonies' returns Government deposits are not separately distinguished (except by the Bank of Australasia in New South Wales), which includes in its deposits bearing interest Government deposits, £43,775. † Tasmania.—In this colony's Bank Returns, deposits bearing interest are not distinguished from those not bearing interest.

ASSETS.	Coined gold and silver and other metals.	Gold and silver in bullion or bars.	Landed property.	Notes and bills of other banks.
	£	£	£	£
Victoria ... ..	3,363,425	393,346	874,614	136,128
New South Wales ... ..	3,734,133	64,842	578,199	68,873
New Zealand ... ..	1,897,423	178,467	350,944	36,318
South Australia ... ..	971,428	8,865	286,187	51,057
Queensland ... ..	†53,517	169,729	208,853	8,130
Tasmania ... ..	462,011	—	40,476	—
Western Australia ... ..	121,220	—	12,275	1,496
Totals ... ..	11,403,154	815,249	2,353,523	301,990

	Balances due from other banks.	All debts due to the banks.*	Total amount of assets.
	£	£	£
Victoria ... ..	561,743	† 19,578,446	24,807,721
New South Wales ... ..	2,808,905	‡ 18,255,456	25,510,410
New Zealand ... ..	38,749	§ 12,254,614	14,766,118
South Australia... ..	279,521	¶ 5,746,747	7,343,786
Queensland ... ..	280,133	** 4,439,683	6,080,937
Tasmania ... ..	243,801	†† 1,630,657	2,392,277
Western Australia ... ..	10,771	‡‡ 454,896	599,690
Totals ... ..	4,203,223	62,350,496	81,440,909

\* Including notes, bills of exchange, and all stock and funded debts of every description, except notes, bills, and balances due to the banks from other banks. † Victoria—Government securities (if any) held by the banks are not separately distinguished in their returns. ‡ New South Wales.—This includes £1,938,415 Government securities. § New Zealand.—This includes £90,000 Government securities; notes and bills discounted, £4,355,543; debts due to the banks, exclusive of debts abandoned as bad, £7,404,187; securities not included under other heads, £404,584. ¶ South Australia.—This includes £25,000 Government securities. \*\* Queensland.—This includes £3,517 Government securities. †† Tasmania.—This includes £79,778 Government securities. ‡‡ Western Australia.—This includes £1,300 Government securities. From the Australasian Banking Record.

## WEEKLY RETURNS—Continued

In £'s sterling 000 omitted, thus—£1,000=£1,000,000.

For the weeks } ending }	1891. Oct. 26. 1	1891. Nov. 2. 2	1891. Nov. 9. 3	1891. Nov. 16. 4	1890. Nov. 17. 5
<b>BANK OF ENGLAND.</b>					
<b>ISSUE DEPARTMENT.</b>					
Notes issued .....	£ 36,077	£ 35,735	£ 35,670	£ 35,422	£ 40,135
Government debt .....	11,015	11,015	11,015	11,015	11,015
Other securities .....	4,735	4,735	4,735	4,735	3,985
Gold coin and bullion .....	20,327	19,985	19,920	19,672	25,135
	36,077	35,735	35,670	35,422	40,135
<b>BANKING DEPARTMENT.</b>					
<b>LIABILITIES.</b>					
Proprietors' capital .....	14,553	14,553	11,553	11,553	14,553
Reserve .....	3,110	3,110	3,112	3,117	3,086
Public deposits .....	3,305	3,293	3,011	3,122	5,583
Other deposits .....	24,927	23,879	23,513	23,823	25,255
Seven day and other bills .....	217	254	245	219	239
Total .....	46,112	44,589	44,434	44,334	48,706
<b>ASSETS.</b>					
Government securities .....	14,320	14,120	13,595	13,244	14,965
Other securities .....	20,991	20,335	20,471	20,645	19,106
Notes .....	9,882	9,259	9,561	9,436	13,711
Gold and silver coin .....	919	875	807	1,009	1,102
Total .....	46,112	44,589	44,434	44,334	48,706
Notes in the hands of the public ..	26,195	26,476	26,109	25,986	26,402
Reserve .....	10,801	10,134	10,868	10,445	14,845
Proportion of reserve to liabilities (per cent.) .....	37.96	37.64	38.73	39.17	47.55
Rate of discount .....	5 %	5 %	5 %	5 %	2½ %
<b>RATES OF EXCHANGE ON LONDON.</b>					
Paris, cheque— (par £1=25f. 22½ c.) .....	25.26½	25.25	25.27½	25.25	25.20
Berlin, 8 days— (par £1=20 m. 43 pf.) .....	20.40½	20.39½	20.43	20.40	20.35
New York, 60 days— (par £1=\$4.867) .....	4.80½	4.80½	4.80½	4.80½	4.80½
Calcutta, 4 m/d— (per rupee) .....	1s. 8½d.	1s. 8½d.	1s. 8½d.	1s. 8½d.	1s. 7½d.

## WEEKLY RETURNS.

In £'s sterling 000 omitted, thus—£1,000 = £1,000,000.

For the weeks } ending	1881. Oct. 27. 1	1881. Nov. 3. 2	1881. Nov. 10. 3	1881. Nov. 17. 4	1880 Nov. 18. 5
<b>BANK OF FRANCE.</b>					
Converting the Franc at 25 to the £)					
<b>LIABILITIES.</b>	£	£	£	£	£
Public deposits .....	21,412	21,911	21,820	21,087	7,206
Private deposits .....	18,540	18,068	18,938	17,627	15,254
Notes in circulation .....	108,219	110,651	109,965	109,487	96,121
Other items .....	12,224	12,308	12,268	12,892	12,623
<b>Total .....</b>	<b>160,395</b>	<b>162,928</b>	<b>162,981</b>	<b>160,593</b>	<b>131,206</b>
<b>ASSETS.</b>					
Gold .....	21,162	24,461	24,888	25,105	23,096
Silver .....	47,899	47,480	47,879	47,222	49,561
Bills .....	56,548	58,508	58,698	57,889	36,900
Advances .....	19,810	19,811	18,970	18,696	9,398
Other items .....	12,481	12,673	18,051	12,281	13,243
<b>Total .....</b>	<b>160,395</b>	<b>162,928</b>	<b>162,981</b>	<b>160,593</b>	<b>131,206</b>
<b>Rate of discount .....</b>	<b>5 %</b>	<b>5 %</b>	<b>5 %</b>	<b>5 %</b>	<b>3½ %</b>
	Oct. 31.	Nov. 7.	Nov. 15.		1880. Nov. 15.
<b>IMPERIAL BANK OF GERMANY.</b>					
(Converting the reich-mark at 20 to the £)					
<b>LIABILITIES.</b>	£	£	£		£
Notes in circulation .....	89,554	89,014	88,188		35,963
Current accounts .....	8,081	6,925	6,718		7,979
Other items .....	6,840	6,839	6,888		..
<b>ASSETS.</b>					
Coin and bullion .....	25,490	25,627	26,089		27,027
Bills and loans .....	25,044	28,175	21,662		18,765
Other items .....	4,480	4,580	4,609		..
<b>Rate of discount .....</b>	<b>5½ %</b>	<b>5½ %</b>	<b>5½ %</b>		<b>4 %</b>
	Oct. 26.	Nov. 2	Nov. 9.	Nov. 16.	1880. Nov. 17.
<b>MISCELLANEOUS.</b>					
Clearing-house returns .....	98,476	144,815	102,569	147,261	139,484
Average price of wheat .....	47s. 0d.	46s. 9d	46s. 8d.	46s. 3d.	43s. 6d.
Price of consols .....	99½	99½	100½	100½	100
Bar silver fine per oz. standard .....	51½	51½	51½	51½	51½
3% French Rentes .....	84f.	85f. 40c	86f. 80c.	86f.	86f. 35c.



In £'s sterling. 000's omitted.

For the Weeks ending.	ISSUE DEPARTMENT.				BANKING DEPARTMENT—LIABILITIES.					
	Notes Issued.	Govern- ment Debt.	Other Securities.	Gold Coin and Bullion.	Pro- prietors' Capital.	Res.	Public Deposits.	Other Deposits.	1 Day & other Bills.	Total.
	1	2	3	4	5	6	7	8	9	10
8 Nov., 1880	41,169	11,015	3,985	26,169	14,553	3,065	4,495	25,321	315	47,749
10	40,401	11,015	3,985	25,401	14,553	3,077	5,048	24,105	319	47,102
17	40,195	11,015	3,985	25,195	14,553	3,086	5,588	25,365	289	48,766
24	40,708	11,015	3,985	25,708	14,553	3,094	5,479	25,219	266	48,611
1 Dec.	39,811	11,015	3,985	24,811	14,553	3,041	5,379	24,441	278	47,692
8	38,901	11,015	3,985	23,901	14,553	3,045	6,210	24,371	304	48,483
15	38,779	11,015	3,985	23,779	14,553	3,052	7,186	24,035	267	49,093
22	38,649	11,015	3,985	23,649	14,553	3,059	8,062	23,673	259	49,606
29	38,253	11,015	3,985	23,253	14,553	3,065	8,625	24,848	232	51,323
5 Jan., 1881	38,183	11,015	3,985	23,183	14,553	3,218	9,072	24,735	245	51,823
12	38,080	11,015	3,985	23,080	14,553	3,299	5,162	25,339	303	48,656
19	38,177	11,015	3,985	23,177	14,553	3,322	4,664	24,973	272	47,784
26	38,571	11,015	3,985	23,571	14,553	3,333	5,670	24,749	272	48,577
2 Feb.	39,227	11,015	3,985	24,227	14,553	3,363	6,666	24,895	230	49,707
9	39,942	11,015	3,985	24,942	14,553	3,377	8,618	24,982	267	51,797
16	40,691	11,015	3,985	25,691	14,553	3,416	9,868	25,294	232	53,363
23	41,382	11,015	3,985	26,382	14,553	3,391	10,573	24,197	218	52,382
2 Mar.	41,375	11,015	3,985	26,375	14,553	3,703	10,522	25,700	233	54,711
9	41,832	11,015	3,985	26,832	14,553	3,712	11,565	24,670	253	54,653
16	41,646	11,015	3,985	26,646	14,553	3,716	11,896	26,093	239	56,497
23	41,808	11,015	3,985	26,808	14,553	3,747	11,867	24,543	222	54,932
30	41,586	11,015	3,985	26,586	14,553	3,738	10,792	25,204	190	54,477
6 April	40,725	11,015	3,985	25,725	14,553	3,097	8,075	25,667	260	51,632
13	39,911	11,015	3,985	24,911	14,553	3,100	7,055	25,950	263	50,321
20	40,705	11,015	4,735	24,955	14,553	3,105	7,136	24,833	236	49,263
27	40,940	11,015	4,735	25,190	14,553	3,109	6,830	25,184	234	49,300
4 May	40,780	11,015	4,735	25,030	14,553	3,100	6,454	24,754	234	49,085
11	40,688	11,015	4,735	24,988	14,553	3,109	6,440	25,072	241	49,415
18	40,275	11,015	4,735	24,525	14,553	3,116	7,007	25,436	260	50,423
25	40,391	11,015	4,735	24,641	14,553	3,116	7,125	25,416	214	50,424
1 June	40,440	11,015	4,735	24,690	14,553	3,070	7,056	25,350	240	50,369
8	40,409	11,015	4,735	24,659	14,553	3,071	7,449	24,158	230	49,446
15	41,045	11,015	4,735	25,295	14,553	3,075	7,711	26,023	253	51,615
22	41,569	11,015	4,735	25,819	14,553	3,080	8,359	25,124	246	51,362
29	41,732	11,015	4,735	25,982	14,553	3,072	8,786	27,343	214	53,363
6 July	41,523	11,015	4,735	25,773	14,553	3,303	6,480	27,440	248	52,094
13	41,239	11,015	4,735	25,489	14,553	3,327	4,754	28,717	258	51,609
20	41,162	11,015	4,735	25,412	14,553	3,345	4,657	28,478	259	51,292
27	40,966	11,015	4,735	25,216	14,553	3,348	4,571	28,329	229	51,080
3 Aug.	39,998	11,015	4,735	24,248	14,553	3,377	4,161	27,259	236	49,585
10	39,392	11,015	4,735	23,642	14,553	3,366	4,152	25,767	265	48,123
17	39,261	11,015	4,735	23,511	14,553	3,417	4,496	25,875	236	48,577
24	38,385	11,015	4,735	22,635	14,553	3,405	5,306	25,461	252	48,977
31	38,272	11,015	4,735	22,522	14,553	3,714	5,152	26,241	243	49,903
7 Sept.	37,928	11,015	4,735	22,173	14,553	3,716	5,083	25,781	271	49,354
14	37,856	11,015	4,735	22,106	14,553	3,720	4,995	25,660	266	49,194
21	38,108	11,015	4,735	22,358	14,553	3,746	5,402	25,487	266	49,454
28	37,945	11,015	4,735	22,195	14,553	3,746	5,076	24,963	269	48,606
5 Oct.	36,646	11,015	4,735	20,896	14,553	3,080	9,019	24,868	301	51,301
12	36,111	11,015	4,735	20,361	14,553	3,100	4,696	26,011	284	48,644
19	36,178	11,015	4,735	20,428	14,553	3,107	3,834	25,488	237	46,709
26	36,077	11,015	4,735	20,527	14,553	3,110	3,805	24,927	217	46,113

thus, 1,000 = 1,000,000.

BANKING DEPARTMENT—ASSETS.					Notes in the hands of the Public.	Reserve.	Proportion of Reserve to Liabilities.	Rate of Discount.	For the Weeks ending
Government Securities.	Other Securities.	Notes.	Gold and Silver Coin.	Total.					
11	12	13	14	15	16	17	18	19	
£	£	£	£	£	£	£	%	%	
15,365	17,276	13,987	1,171	47,749	27,232	15,108.	50.14	2½	3 Nov., 1880
14,865	17,289	13,768	1,190	47,102	26,644	14,948	50.72	2½	10
14,865	19,006	13,793	1,102	48,766	26,402	14,895	47.85	2½	17
14,865	17,932	14,573	1,241	48,611	26,135	15,814	51.07	2½	24
14,865	18,105	13,592	1,180	47,692	26,219	14,722	48.91	2½	1 Decem.
14,365	20,136	12,872	1,110	48,483	26,029	13,982	45.27	2½	8
14,365	20,432	13,139	1,157	49,093	25,640	14,296	45.40	3	15
14,365	21,617	12,532	1,092	49,606	26,117	13,624	42.58	3	22
14,365	24,041	11,982	985	51,323	26,321	12,917	38.32	3	29
15,358	23,650	11,229	1,068	51,232	26,954	12,315	36.16	3	5 Jan., 1881
15,253	20,825	11,532	1,046	48,656	26,548	12,578	40.83	3	12
14,358	20,517	11,812	1,102	47,784	26,365	12,914	43.17	3½	19
14,353	20,551	12,558	1,115	48,577	26,018	13,673	44.55	3½	26
14,353	21,208	12,914	1,232	49,707	26,318	14,146	44.50	3½	2 Feb.
14,352	22,215	14,046	1,134	51,797	25,896	15,230	44.97	3½	9
15,829	20,956	15,257	1,321	53,363	25,434	16,578	46.84	3½	16
14,832	20,681	16,123	1,296	52,932	25,259	17,419	49.78	3	23
14,832	23,049	15,624	1,206	54,711	25,751	16,880	46.17	3	2 Mar.
15,863	21,048	16,464	1,278	54,653	25,368	17,742	43.75	3	9
15,863	22,901	16,489	1,244	56,497	25,157	17,788	46.89	3	16
15,868	21,182	16,576	1,311	54,932	25,232	17,867	48.33	3	23
15,363	22,092	15,761	1,271	54,477	25,835	17,022	47.04	3	30
15,406	20,887	14,130	1,230	51,652	26,595	15,360	45.17	3	6 April
15,740	20,662	13,204	1,315	50,921	26,707	14,519	43.64	3	13
14,990	19,865	14,180	1,328	49,863	26,525	15,508	48.15	3	20
15,402	18,601	14,684	1,213	49,900	26,256	15,897	49.31	3	27
15,689	18,317	13,853	1,226	49,085	26,927	15,079	47.97	2½	4 May
15,790	18,348	13,989	1,288	49,415	26,699	15,277	48.11	2½	11
15,876	19,654	13,576	1,316	50,422	26,699	14,892	45.31	2½	18
15,876	19,180	14,057	1,311	50,424	26,334	15,368	46.92	2½	25
15,876	19,485	13,679	1,229	50,269	26,761	14,908	45.66	2½	1 June
14,907	19,786	13,510	1,243	49,446	26,899	14,753	46.36	2½	8
14,907	20,787	14,744	1,227	51,615	26,301	15,971	46.99	2½	15
14,907	20,086	15,153	1,216	51,362	26,416	16,369	48.53	2½	22
14,908	23,029	14,778	1,253	53,968	26,954	16,031	44.11	2½	29
15,789	21,109	13,975	1,151	52,024	27,548	15,126	44.27	2½	6 July
16,271	20,195	13,978	1,165	51,609	27,261	15,143	44.39	2½	13
15,885	20,292	13,930	1,185	51,292	27,232	15,115	45.26	2½	20
15,885	20,106	13,999	1,040	51,030	26,967	15,039	45.39	2½	27
15,885	20,372	12,825	1,004	49,586	27,668	13,329	42.10	2½	3 Aug.
14,663	20,428	12,001	1,031	48,123	27,391	13,082	43.17	2½	10
14,663	20,629	12,244	1,041	48,577	27,017	13,285	43.40	2½	17
14,663	21,889	11,808	1,117	48,977	26,577	12,925	41.67	3	24
14,663	22,661	11,584	995	49,903	26,688	12,579	39.76	4	31
14,557	22,375	11,406	1,016	49,354	26,517	12,422	39.96	4	7 Sept
14,557	22,068	11,631	938	49,194	26,225	12,569	40.65	4	14
14,558	21,891	12,054	951	49,454	26,054	13,005	41.74	4	21
14,512	21,685	11,635	874	48,606	26,310	12,509	41.80	4	28
17,611	23,868	9,523	799	51,801	27,123	10,322	30.19	5	5 Oct.
16,767	21,959	9,205	713	48,644	26,906	9,918	32.00	5	12
14,920	21.4. 2	9,513	834	46,709	26,665	10,347	35.61	5	19
14,320	20,991	9,892	919	46,112	26,195	10,801	37.96	5	26

In £ sterling. 000's omitted,

[Converting the franc

For the weeks ending	LIABILITIES.				
	Public Deposits.	Private Deposits.	Notes in circulation.	Other Items.	Total.
	1	2	3	4	5
	£	£	£	£	£
1880.—Nov. 4 .. ..	8,104	13,604	94,761	12,246	128,715
11 .. ..	7,557	15,674	95,543	12,265	181,039
18 .. ..	7,206	15,254	96,123	12,623	181,206
25 .. ..	7,045	15,195	96,001	12,311	180,552
Dec. 2 .. ..	6,904	15,366	96,623	12,477	181,870
9 .. ..	5,937	16,523	95,778	12,186	180,424
16 .. ..	5,969	16,046	95,841	12,265	180,121
23 .. ..	6,144	16,554	95,953	12,213	180,864
30 .. ..	7,076	17,167	99,069	12,132	185,444
1881.—Jan. 6 .. ..	4,694	18,861	100,653	12,412	186,620
13 .. ..	4,418	17,729	101,643	12,270	186,055
20 .. ..	4,186	16,932	101,794	11,989	184,851
27 .. ..	5,031	17,247	100,963	11,832	185,073
Feb. 3 .. ..	4,012	15,586	102,232	12,718	184,543
10 .. ..	4,962	15,787	100,705	11,725	183,179
17 .. ..	5,147	15,297	99,955	11,577	181,976
24 .. ..	4,479	17,908	99,101	11,590	183,078
Mar. 8 .. ..	3,997	16,179	99,610	12,517	182,303
10 .. ..	3,800	18,373	99,297	11,489	182,959
17 .. ..	3,828	28,959	99,007	11,461	143,255
24 .. ..	14,836	30,059	95,922	12,169	152,976
31 .. ..	12,984	24,856	100,990	11,510	150,340
April 7 .. ..	13,862	22,047	99,111	11,760	146,770
14 .. ..	12,069	20,376	100,965	11,729	145,639
21 .. ..	12,562	20,652	101,226	11,757	146,217
28 .. ..	18,009	16,789	101,595	11,798	148,141
May 5 .. ..	17,360	17,148	102,229	11,932	148,669
12 .. ..	17,386	17,974	101,708	12,041	149,109
19 .. ..	16,163	18,894	100,962	12,067	148,086
26 .. ..	16,084	19,081	100,612	12,024	147,751
June 2 .. ..	15,554	18,004	101,683	12,506	147,747
9 .. ..	14,775	19,629	100,650	12,055	147,109
16 .. ..	14,571	18,356	100,681	12,171	145,779
23 .. ..	15,416	19,601	99,953	12,037	147,007
30 .. ..	16,330	19,350	103,873	12,022	152,075
July 7 .. ..	14,815	20,636	102,526	12,402	150,379
14 .. ..	13,219	18,671	104,718	11,854	148,462
21 .. ..	14,332	19,359	102,856	11,786	148,333
28 .. ..	18,679	17,426	104,014	11,724	151,843
Aug. 4 .. ..	19,286	18,741	101,876	11,782	151,685
11 .. ..	19,247	17,783	101,163	11,798	149,991
18 .. ..	18,865	17,065	100,787	11,913	148,630
25 .. ..	18,599	16,825	100,868	11,874	148,166
Sept. 1 .. ..	18,366	15,993	102,276	12,133	148,768
8 .. ..	16,993	18,541	101,687	11,866	149,087
15 .. ..	16,612	17,307	102,753	11,918	148,590
22 .. ..	16,388	16,986	102,099	11,835	147,308
29 .. ..	17,018	16,581	104,100	11,870	149,569
Oct. 6 .. ..	15,449	18,425	105,070	12,200	151,144
13 .. ..	14,538	18,234	107,288	12,248	152,358
20 .. ..	15,254	19,568	106,642	12,200	155,664
27 .. ..	21,412	18,540	106,219	12,224	160,395

# WEEKLY RETURNS.

691

thus £1,000 = £1,000,000.

at 25 to the £.]

ASSETS.						Rate of Dis- count.	For the weeks ending
Gold. 6	Silver. 7	Bills. 8	Advances. 9	Other Items. 10	Total. 11		
£	£	£	£	£	£	%	
22,771	49,899	82,828	8,713	14,504	128,715	3½	4 Nov., 1880.
22,258	49,885	86,822	9,225	13,849	131,039	3½	11
22,096	49,561	86,909	9,398	13,242	131,206	3½	18
21,708	49,404	86,442	9,364	13,684	130,552	3½	25
21,548	49,165	87,941	9,414	13,302	131,370	3½	2 Dec.
21,702	48,947	86,847	9,475	13,458	130,424	3½	9
21,706	48,997	86,584	9,586	13,298	130,121	3½	16
22,056	49,062	87,093	9,544	13,109	130,864	3½	23
22,571	48,904	41,034	9,676	13,259	135,444	3½	30
22,270	48,587	40,249	11,954	13,560	136,620	3½	6 Jan., 1881.
22,090	48,483	40,972	11,753	12,757	136,055	3½	13
21,799	48,502	39,854	11,701	12,995	134,851	3½	20
21,922	48,512	40,235	11,603	12,901	135,073	3½	27
22,242	48,429	39,656	11,505	12,711	134,543	3½	3 Feb.
21,699	48,364	38,744	11,543	12,829	133,179	3½	10
21,848	48,459	37,400	11,593	12,676	131,976	3½	17
21,955	48,637	38,167	11,406	12,913	133,078	3½	24
22,224	48,763	37,440	11,382	12,494	132,303	3½	3 Mar.
22,337	48,616	37,123	12,298	12,590	132,959	3½	10
23,152	49,116	48,645	14,618	12,724	143,255	3½	17
24,223	49,207	52,245	14,549	12,752	152,976	3½	24
23,973	49,068	50,908	14,088	12,353	150,340	3½	31
23,904	48,782	47,285	14,315	12,484	146,770	3½	7 April
23,555	48,705	46,969	13,951	12,459	145,639	3½	14
23,638	48,899	47,279	13,804	12,597	146,217	3½	21
23,796	49,190	48,313	14,207	12,635	148,141	3½	28
24,049	49,413	47,327	14,742	13,238	148,669	3½	5 May
24,262	49,274	48,082	15,063	12,428	149,109	3½	12
24,629	49,296	46,639	14,769	12,758	148,086	3½	19
24,968	49,303	46,024	14,830	12,626	147,751	3½	26
24,901	49,455	45,417	15,506	12,468	147,747	3½	2 June
25,028	49,491	43,879	16,123	12,588	147,109	3½	9
25,157	49,518	42,077	16,233	12,794	145,779	3½	16
25,761	49,640	42,149	16,645	12,812	147,007	3½	23
25,944	49,695	46,506	17,125	12,805	152,075	3½	30
25,813	49,490	44,748	17,945	12,383	150,379	3½	7 July
25,218	49,402	45,447	15,863	12,532	148,462	3½	14
25,282	49,446	44,796	15,949	12,910	148,333	3½	21
25,358	49,611	47,049	17,052	12,773	151,843	3½	28
25,317	49,675	45,417	18,120	13,156	151,685	3½	4 Aug
25,061	49,679	45,883	16,953	12,415	149,991	3½	11
25,064	49,884	43,522	16,905	13,305	148,630	3½	18
24,894	49,840	44,001	16,763	12,668	148,166	4	25
24,542	49,763	45,175	16,681	12,607	148,768	4	1 Sept.
24,252	49,766	46,146	16,553	12,370	149,087	4	8
24,271	49,583	45,867	16,220	12,649	148,530	4	15
24,299	49,479	44,896	16,276	12,358	147,306	4	22
24,347	49,206	47,094	16,333	12,589	149,569	4	29
24,288	48,881	48,032	17,312	12,631	151,144	4	6 Oct.
23,980	48,281	50,712	17,000	12,385	152,358	4	13
23,940	47,995	53,073	17,676	12,980	155,664	5	20
24,162	47,899	56,543	19,310	12,481	160,395	5	27

## NOTE ISSUES IN THE UNITED KINGDOM.

## MONTHLY AVERAGES.

In £'s sterling, 000 omitted, thus £1,000 = £1,000,000.

FOUR WEEKS ENDING	ENGLAND AND WALES.				SCOTLAND	IRELAND.	Total Note cir- culation in the United Kingdom.
	Bank of England.	Private Banks.	Joint Stock Banks.	Total Note cir- culation in England and Wales.	Total	Total	
	<i>Present fixed issues</i> £15,750,000.	<i>Present fixed issues</i> £2,542,100.	<i>Present fixed issues</i> £2,400,552.	<i>Present fixed issues</i> £21,692,722.	<i>Present fixed issues</i> £2,570,360.	<i>Present fixed issues</i> £6,324,284.	
	1	2	3	4	5	6	7
	£	£	£	£	£	£	£
1880.—Oct. 23	27,159	1,837	1,734	30,730	5,565	6,899	43,194
Nov. 20	26,726	1,834	1,769	30,329	6,154	7,211	43,694
Dec. 18	26,006	1,746	1,720	29,472	6,019	7,047	42,538
1881.—Jan. 15	26,486	1,753	1,691	29,929	5,488	6,781	42,198
Feb. 12	26,147	1,704	1,661	29,512	5,147	6,656	41,315
Mar. 12	25,453	1,601	1,592	28,646	5,034	6,438	40,118
April 9	25,705	1,665	1,671	29,041	5,085	6,382	40,508
May 7	26,604	1,773	1,784	30,161	5,344	6,606	42,111
June 4	26,623	1,734	1,755	30,112	6,258	6,445	42,815
July 2	26,642	1,650	1,638	29,930	5,687	6,111	41,728
July 30	27,251	1,659	1,604	30,514	5,472	6,047	42,033
Aug. 27	27,165	1,582	1,539	30,286	5,350	5,963	41,599
Sept. 24	*26,371	1,573	1,533	29,477	5,452	6,174	41,103

# COMPARISON OF THE POSITION OF THE FIXED ISSUES IN THE UNITED KINGDOM.

AUTHORISED ISSUES BY THE ACTS OF 1844 AND 1845.		POSITION OF THE AUTHORISED ISSUES, SEPTEMBER 24TH, 1881.	
ENGLAND.—Bank of England ..	£14,000,000	ENGLAND.— Bank of England	£14,000,000
		1855—Dec. 7th	475,000
		1861—July 10th	175,000
		1866—Feb. 21st	350,000
		1881—April 1st	750,000
			15,750,000
207 Private Banks	£5,153,417	103 Private Banks	3,551,377
72 Joint Stock Banks ..	3,478,230	46 Joint Stock Banks ..	2,391,138
	8,631,647		5,942,515
	£22,631,647		£21,692,515
SCOTLAND.—12 Joint Stock Banks .. ..	3,087,209	SCOTLAND.—10 Joint Stock Banks .. ..	2,676,350
IRELAND.—6 Joint Stock Banks .. ..	6,354,494	IRELAND.—6 Joint Stock Banks .. ..	6,354,494
	£32,073,350		£30,728,359

The following changes in the list of bankers authorised to issue notes have occurred during the year ended 24th September, 1881 :—

## INCREASE.

Bank of England, pursuant to Act 7 and 8 Vict., cap. 32, 1st April, 1881 .. £750,000

## DECREASE.

Shrewsbury and Welshpool Bank .. .. . £25,336  
Whitchurch and Ellesmere Banking Company, Limited .. .. . 7,475  
County of Stafford Bank .. .. . 9,418

£32,819

The following Table shows the gross amount of notes issued in the United Kingdom on the 24th of September, 1881 :—

ENGLAND.—Bank of England, upon security .. ..	15,750,000
Upon gold bullion, and coin .. ..	22,358,270
	38,108,270
103 Private Banks upon their own credit .. ..	1,625,427
46 Joint Stock Banks do. .. ..	1,568,578
	3,194,005
SCOTLAND.—10 Joint Stock Banks upon their own credit ..	£2,246,433†
Upon gold and silver coin .. ..	3,122,418
	5,368,851
IRELAND.—6 Joint Stock Banks upon their own credit ..	4,629,458
Upon gold and silver coin .. ..	1,637,470
	6,266,928

Total amount of notes issued in the United Kingdom £52,938,054\*

\* Of the total amount of £38,108,270 issued by the Bank of England from the Issue Department £12,053,680 was held by the Bank of England in the Banking Department. Deducting this from the total issue, it leaves £26,054,590 as the actual circulation of notes in the United Kingdom on the above date.

† It will be seen from these figures that the issues upon credit of certain Scotch and Irish Banks are below their limits authorised by the Acts of 1845.

## LONDON BANKERS' CLEARING HOUSE WEEKLY RETURNS.

In £'s sterling 000 omitted, thus—£1,000—£1,000,000.

Weeks ending Wednesdays in each month.	1890-91.					Corresponding Week of previous Year.	
	Total amount cleared in each week.	Stock Exchange Settling Days.	Days following Stock Exchange Settling Days.	Consols Settling Days.	4ths of the month.	Total Amount cleared in each week.	Stock Exchange Settling Days.
	1	2	3	4	5	6	7
1890 Nov. 3	141,440	51,753	20,636	...	...	121,185	36,089
10	95,699	...	...	...	...	85,214	...
17	139,484	60,584	21,169	*19,578	**19,578	115,967	37,776
4	94,076	...	...	...	...	74,410	...
Dec. 1	91,932	...	...	19,650	...	123,564	40,361
8	161,020	57,599	22,312	...	19,876	86,416	...
15	96,318	...	...	...	...	122,333	44,991
22	142,963	56,940	21,194	...	...	96,094	...
29	70,398	...	...	...	...	96,063	43,930
1891 Jan. 5	161,622	52,527	23,953	25,343	20,306	103,987	...
12	106,037	...	...	...	...	83,671	...
19	156,632	63,080	26,111	...	...	144,193	47,114
26	92,994	...	...	...	...	83,375	...
Feb. 2	144,606	56,572	19,957	20,207	...	149,391	50,254
9	97,868	...	...	...	17,988	92,811	...
16	134,347	46,920	16,907	...	...	147,284	54,444
23	93,274	...	...	...	...	93,230	...
March 2	161,869	60,637	21,700	24,674	...	156,386	52,767
9	104,045	...	...	...	18,715	94,232	...
16	138,430	66,021	31,961	...	...	127,140	47,325
23	123,732	...	...	...	...	100,935	...
30	63,178	...	...	...	...	66,665	...
April 6	157,774	56,114	21,880	*24,003	**24,003	134,899	46,571
13	144,150	57,335	24,600	...	...	96,937	...
20	82,773	...	...	...	...	136,434	48,184
27	96,066	...	...	...	...	90,397	...
May 4	141,371	50,212	18,899	...	20,377	149,127	49,763
11	100,982	...	...	20,034	...	94,914	...
18	165,401	66,463	24,973	...	...	123,767	43,323
25	97,413	...	...	...	...	84,791	...
June 1	169,544	70,064	21,543	23,519	...	126,939	43,216
8	83,262	...	...	...	18,981	94,653	...
15	156,077	66,696	23,139	...	...	125,211	41,916
22	108,748	...	...	...	...	88,568	...
29	160,590	64,083	23,063	...	...	131,426	51,489
July 6	133,651	...	...	*27,534	**27,534	119,514	...
13	101,763	...	...	...	...	124,760	45,710
20	147,424	59,303	20,330	...	...	103,546	...
27	91,415	...	...	...	...	82,257	...
Aug. 3	124,795	46,618	17,464	...	...	123,811	43,842
10	106,708	...	...	*24,381	**24,381	92,761	...
17	130,235	46,689	19,627	...	...	116,400	39,760
24	91,597	...	...	...	...	79,411	...
31	137,637	63,380	22,989	...	...	117,377	37,386
Sept. 7	102,930	...	...	21,969	17,336	87,265	...
14	84,768	...	...	...	...	82,101	...
21	125,377	46,134	18,260	...	...	111,139	38,318
28	87,702	...	...	...	...	82,452	...
Oct. 5	158,882	54,316	21,039	22,183	22,366	135,192	42,565
12	103,474	...	...	...	...	93,374	...
19	147,611	55,530	22,101	...	...	130,006	44,524
26	93,476	...	...	...	...	81,813	...

The average weekly amount cleared for the year ending 29th December, 1890, based on the foregoing figures, was £106,987,000; whilst the daily average on Stock Exchange settling days for the same period was £47,797,000.

\* Also 4th of the month.

\*\* Also Consols Settling Days.

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